

ECONOMIC PROFILE: SOUTHERN CALIFORNIA REGION



Prepared for the



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California Economic Strategy Panel

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PREFACE

The California Economic Strategy Panel (Panel) continuously examines changes in the state's economic base and industry sectors to develop a statewide vision and strategic initiatives to guide public policy decisions for economic growth and competitiveness (see www.labor.ca.gov/panel/). The fifteen-member Panel is comprised of eight appointees by the Governor, two appointees each by the President pro Tempore and the Speaker and one each by the Senate and Assembly Minority Floor Leaders. The Secretary of the California Labor & Workforce Development Agency serves as the Chair.

The Panel first identified California's economy as an economy of regions in 1996. At that time, the Panel also adopted a new way of looking at industry sectors and how they function and grow as industry clusters. These new ways of looking at the economy became the basis for the analytical work completed then, and have provided a foundation for the Panel's work since that time.

The California Regional Economies Project is currently the lead research mechanism for the Panel to identify economic policy issues. The project provides the state's economic and workforce development systems with data and information about changing regional economies and labor markets. The information provides a new resource in economic and workforce development planning and investment decisions and a bridge connecting economic and workforce policies and programs at the state and regional levels.

In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic base reports analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors.

This report presents an in-depth analysis of the Southern California Region from 2001 to 2005. The statewide and eight other regional economic base reports are also available at www.labor.ca.gov/panel/. Previous economic base reports examined the 1990-2002 and the 2001-2004 periods. The earlier reports were the first economic base reports for the regional economies as they are defined today. The Panel's initial work, from 1994-1996, resulted in identification of six regions and provided regional economic base analyses; however, those regions had been significantly redefined by 1998, making comparisons to the early analyses impractical.

The source of the data used for these reports is the official employment and wage information reported by employers to the State. While a variety of other sources provide similar information, they may not capture the official numbers that employers report, or may not include input from all employers. This data source is the most comprehensive and accurate source of information direct from employers, and is therefore the best to use for public policy-making, planning and program administration.

The Panel has taken steps to institutionalize the analysis and preparation of these economic base reports within State government so that this analysis may be provided on a yearly basis. Also, steps have been taken to leverage the body of knowledge that now exists around the study of industry clusters, gained through the California Regional Economies Project.

First, a non-confidential version of the data series, the *California Regional Economies Employment Series*, has been made available online by the California Employment Development Department's Labor Market Information Division (LMID) so that regional organizations may access this data at the county level. Second, a step-by-step guide, the *Industry Clusters of Opportunity User Guide*, is available online so that regional organizations can conduct industry cluster studies and work with business and industry to test and apply the findings. With this information, regional organizations may conduct their own economic base and industry cluster analyses down to the county level, and they may combine county data to create their own sub-regional study areas. Training workshops are being held to teach the methodology and processes outlined in the *Industry Clusters of Opportunity User Guide* to representatives from Local Workforce Investment Boards, economic development organizations, the Employment Training Panel, LMID, educational institutions and programs including Community Colleges and Regional Occupational Programs, and other local jurisdictions.

The statewide and regional economic base reports, the *Industry Clusters of Opportunity User Guide* and other studies are available on the Panel's website at www.labor.ca.gov/panel/espcrep.htm.

The *California Regional Economies Employment Series* is available online at www.labormarketinfo.edd.ca.gov/cgi/databrowsing/?PageID=173.

The California Regional Economies Project is sponsored by the California Labor & Workforce Development Agency, California Employment Development Department, California Workforce Investment Board and the California Community Colleges Chancellor's Office.

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INTRODUCTION

The California Regional Economies Project provides data and information about changing regional economies and labor markets. The information provides a new resource in economic and workforce development planning and investment decisions, and a bridge connecting economic and workforce policies and programs at the state and regional levels.

In order to understand the state's economy and the changes taking place within industry sectors and industry clusters, it is important to recognize the regional nature of the economy and to analyze the economic base by region. To do this, the statewide and nine regional economic base reports analyze the patterns of employment, business establishments, wages, population, unemployment rate and other key factors.

This report presents an in-depth analysis of the Southern California Region's economy from 2001 to 2005. The previous economic base reports examined the 1990-2002 and the 2001-2004 periods. The statewide and eight other regional economic base reports are also available at www.labor.ca.gov/panel/.

Data Sources

The Quarterly Census of Employment and Wages (QCEW) data is the source for the private industry data, which uses the North American Industry Classification System (NAICS) coding system. The Current Employment Statistics (CES) data is the source for all levels of government employment data. The CES data does not offer wage information, so the government wage information in this report was taken from the federal Bureau of Labor Statistics (BLS) QCEW non-confidential data available online. A more detailed explanation of the data sources is available in the statewide report.

Industry Clusters versus Sectors

An industry sector is a group of firms that are doing the same type of work, making the same type of products, or providing the same types of services. Examples include manufacturing, construction, retail trade and health care.

An industry cluster is a group of interdependent industry sectors characterized by competing firms and buyer-supplier relationships, as well as shared labor pools and other specialized infrastructure. They are also geographically concentrated. When identifying "industry clusters of opportunity," the Project adds additional considerations that focus on employment opportunities for regional residents.

Definition of the Economic Base Industries

Economists divide industries into two groups; export-oriented and local-serving (also referred to as population-driven). Export-oriented industries are industries that sell a large portion of their goods and services to people and businesses in markets outside of the region, creating capital (bringing capital into) the region. Local-serving industries are industries that sell their

goods and services to people and businesses in markets within the region. These industries do not typically create new capital for the region, but recirculate it within the region.

In the economic base reports completed in 2004, the two principal researchers who provided the analyses did not agree on a common definition of an area's economic base. One favored the traditional approach, while the researcher analyzing the rural regions felt that there were key local-serving industries that were critical to these rural regions and should be included in the economic base.

For the economic base reports completed in 2006, we chose to include some industries in our definition of the economic base that are not traditionally included. We acknowledged that this use of the term, "economic base," conflicted with the standard definition, and that we chose to redefine it for the purpose of those reports. We promised to revisit this issue, and have done so for the current reports.

The current reports begin with an overview of the economy and all major industry sectors. Next, we provide an analysis of the economic base. In order to recognize and reconcile past researchers' differences regarding the definition of the economic base, we have chosen to use the traditional definition of economic base for this section (as found in the economic base reports produced in 2004 for the urban regions) and to then follow it with a separate section that provides an in-depth analysis of other key industries and industry clusters that are also important to the region's economy – drawing from the reasoning behind the expanded definitions of the economic base used in some of the past reports. We do this in order to incorporate the traditional approach in a meaningful way for those who prefer that approach, while recognizing the importance of seeking alternative ways to view the economy.

A detailed discussion of the definition of the economic base and the differences between the previous and current reports is available in the statewide report.

Manufacturing

Manufacturing is a cornerstone of the economy. Changes in employment within Manufacturing are closely monitored. Therefore, it is important to note that the employment counts reported for Manufacturing may be impacted by two key factors.

First, some Manufacturing firms may report all of their employment in a given location as manufacturing, while not all of the work actually being done at that location is manufacturing. (This may be true for other industries, as well.) Firms are encouraged to report employment under multiple industry codes in order to most accurately capture the type of employment; however, this is somewhat at the firm's discretion.

Second, there is a growing percentage of manufacturing jobs being filled by the Employment Services industry,* suggesting that Manufacturing firms are relying more heavily on the use of temporary workers. These workers are reported as employees of the Employment Services firm, thus affecting the count of manufacturing jobs.

* US Department of Labor, Bureau of Labor Statistics, *Career Guide to Industries: Employment Services*

THE SOUTHERN CALIFORNIA REGION



The Southern California Region includes five counties — Los Angeles, Orange, Riverside, San Bernardino and Ventura. This region accounts for 48% of California's jobs and 47% of its population. The region's unemployment rate in 2005 was 4.9%. This region had the second lowest unemployment rate of the nine regions, well under the state average of 5.4%.

From 1990 to 2003, the Southern California Region experienced job growth of just over 8%, as reported in the first economic base report. The Southern California region experienced significant job losses during the recession in the early '90's.

Overall, from 2001 to 2005, the region experienced net job growth of 4.3%; private industry jobs grew by 4.9% and All Government¹ jobs grew by 0.7%. During this time, the region's population increased by 5.5%. The Southern California Region ranked fifth in employment growth among the nine regions for this period, and fourth in population growth.

Figure 1 Characteristics of the Southern California Region

Characteristics of the Southern California Region			
(Numbers are in thousands, except for dollar amounts)			
	Southern California	California	So. Calif. as % of CA
Population (2005)	17,640	36,154	49%
Labor Force (2005)	8,557	17,696	48%
Unemployment Rate (2005)	4.9%	5.4%	92%
Private Sector Jobs (2005)	6,151	12,828	48%
Manufacturing Jobs* (2005)	807.5	1,498.7	54%
Per Capita Income (2005)	\$ 34,664	\$ 36,936	94%
Average Wage (2005)	\$ 43,812	\$ 45,686	96%

Source: Jobs, Labor Force, Unemployment Rate and Average Wage – California Employment Development Department, Labor Market Information Division; Population and Per Capita Income – U.S. Bureau of Economic Analysis

* Manufacturing Jobs reported here are traditional production jobs (NAICS 31-33).

¹ Government jobs include education, law enforcement, firefighting, defense and public services jobs for all levels of government (federal, state and local).

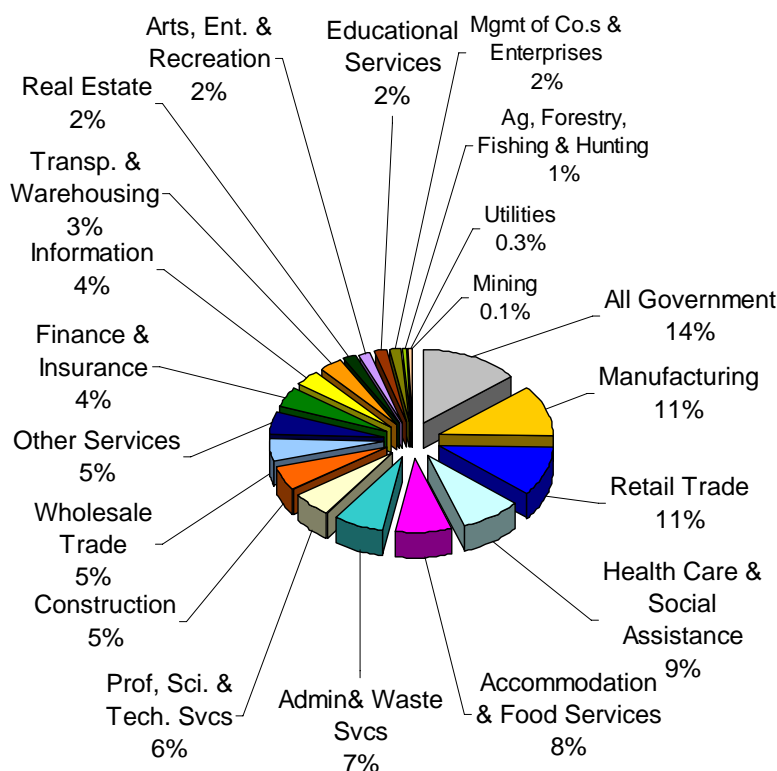
Employment Size

All Government provides the largest number of the region's jobs, with 1,001,600 jobs in 2005, or 14% of all jobs in the region. All Government reported 0.7% growth from 2001 to 2005. Within All Government, the largest sub-sector is Local Government (776,100 jobs in 2005), followed by State Government (134,200 jobs).

The second largest sector is Manufacturing, providing almost 807,600 jobs, or 11.3% of all jobs in the region. This industry reported job losses of 14.5% from 2001 to 2005. The largest sub-sector within Manufacturing is Computer & Electronic Product Manufacturing, followed by Fabricated Metal Product Manufacturing.

The third largest sector is Retail Trade, with over 775,300 jobs (11% of all jobs in the region), followed by Health Care & Social Services (9% of all jobs), Accommodation & Food Service (8%), and Administration & Waste Services (7% of all jobs). **Figure 2** shows employment distribution across the major industry sectors.

Figure 2 Employment Distribution

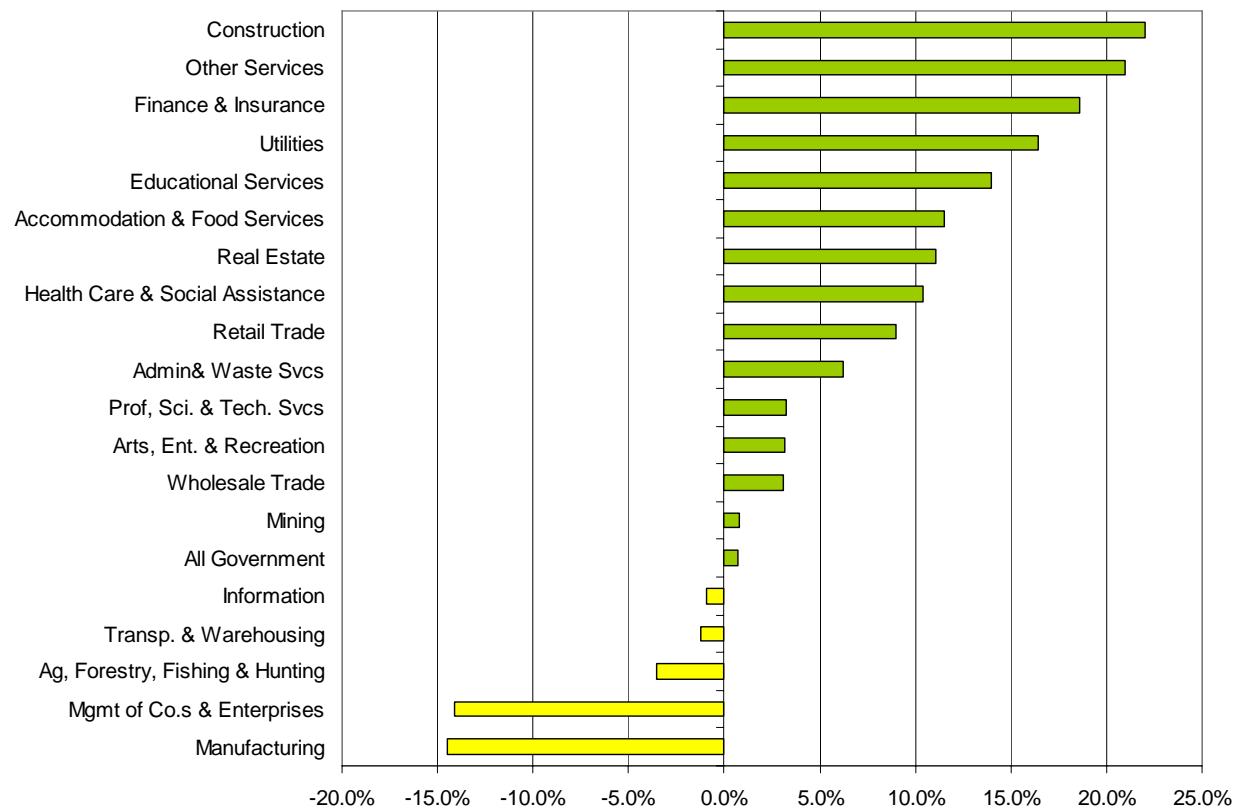


Of the 20 major sectors, 15 reported job gains from 2001 to 2005. The sector reporting the greatest number of jobs gained was Construction, up just over 70,700 jobs. This was followed by Retail Trade, up almost 63,900 jobs; Other Services, up over 59,100 jobs; Accommodation & Food Services, up over 58,900 jobs; and, Health Care & Social Assistance, up about 57,700 jobs.

Growth Rate

Construction reported the strongest employment growth from 2001 to 2005, based on percentage of growth, at 22%, for an average annual growth rate (AAGR) of 5.1%. The second greatest job growth was reported by Other Services, up 21% from 2001 to 2005, for an AAGR of 4.9%. This was followed by Finance & Insurance, up 18.6% (4.3% AAGR), and Utilities, up 16.4% (3.9% AAGR). Growth for all industry sectors may be found in **Figure 3**.

Figure 3 Employment Growth 2001 - 2005



Concentration or Competitive Advantage

The concentration of jobs in an industry in a region, compared to the concentration at the state level, is another indicator of an industry's importance to the region's economy. A concentration level higher than 1.0 may indicate that the region has a competitive advantage in that industry; it may also indicate that the goods and services being produced are being consumed outside of the region.

In the Southern California Region, at the major sector level, the Information sector reported the highest concentration in 2005, at 1.18. Next were Manufacturing, Wholesale Trade and Transportation & Warehousing, all with concentrations of 1.15. Later in this section, the concentration will be presented for the industry group level (3-digit NAICS code level), which will reveal more in-depth information on important industries. The concentration for the ten largest industries is included in **Figure 4**.

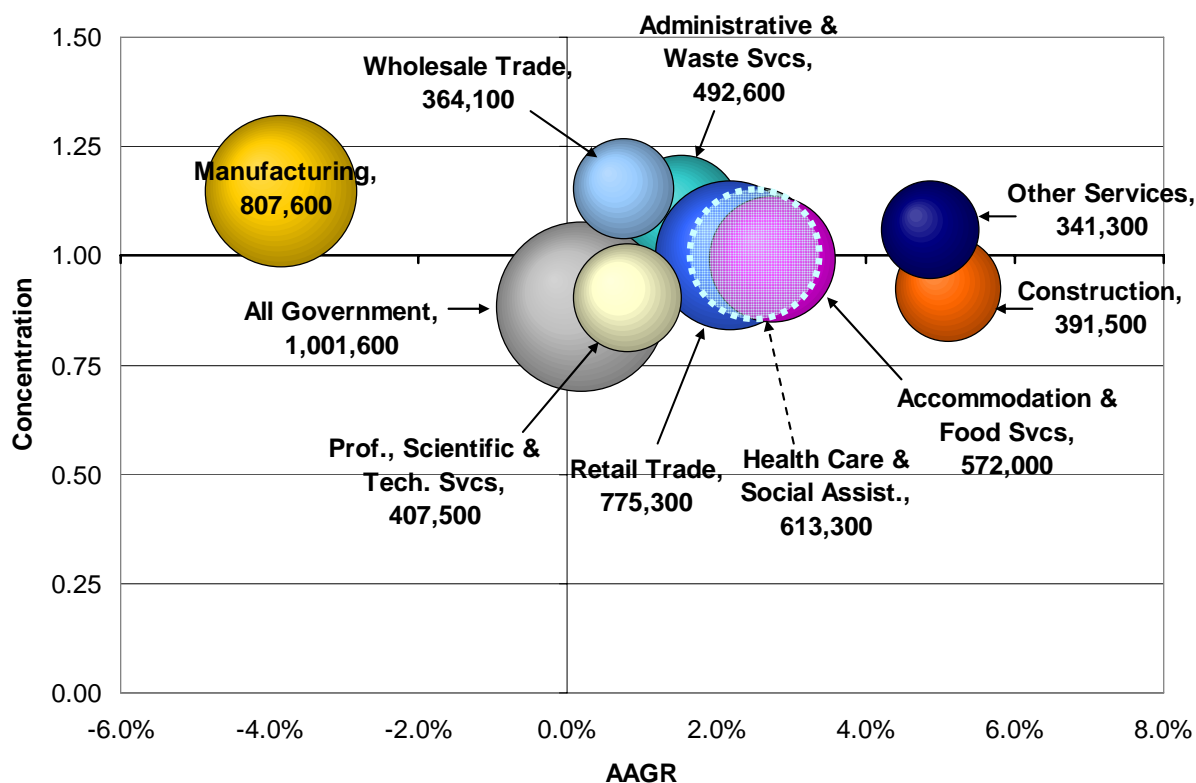
Comparing Size, Growth and Concentration

The bubble chart in **Figure 4** shows employment change from 2001 to 2005 for the region's ten largest industry sectors (based on employment size). This type of chart displays three important criteria in one chart – employment size, growth rate and concentration.

Interpreting the chart:

- The size of the bubble represents the employment size of the industry.
- The position from left to right indicates the employment change – to the left of zero means job losses, and to the right means job growth. The average annual growth rate (AAGR) is graphed as a percentage.
- The vertical position indicates the concentration of the industry in the region; the higher the bubble, the greater the concentration. A concentration greater than 1.0 means the region has a higher concentration of jobs in that industry than is found statewide. Industries highly concentrated in a region are important to the region, even if they are not the largest in employment size.

Figure 4 Size, Growth and Concentration of the Ten Largest Industries



For the ten largest industry sectors:

- All Government was the largest sector but with a lower concentration than statewide.
- Second in size was Manufacturing, with the highest concentration of the top ten sectors, but experiencing the greatest percentage of job losses during this period.
- Construction and Other Services reported the fastest growth rates.

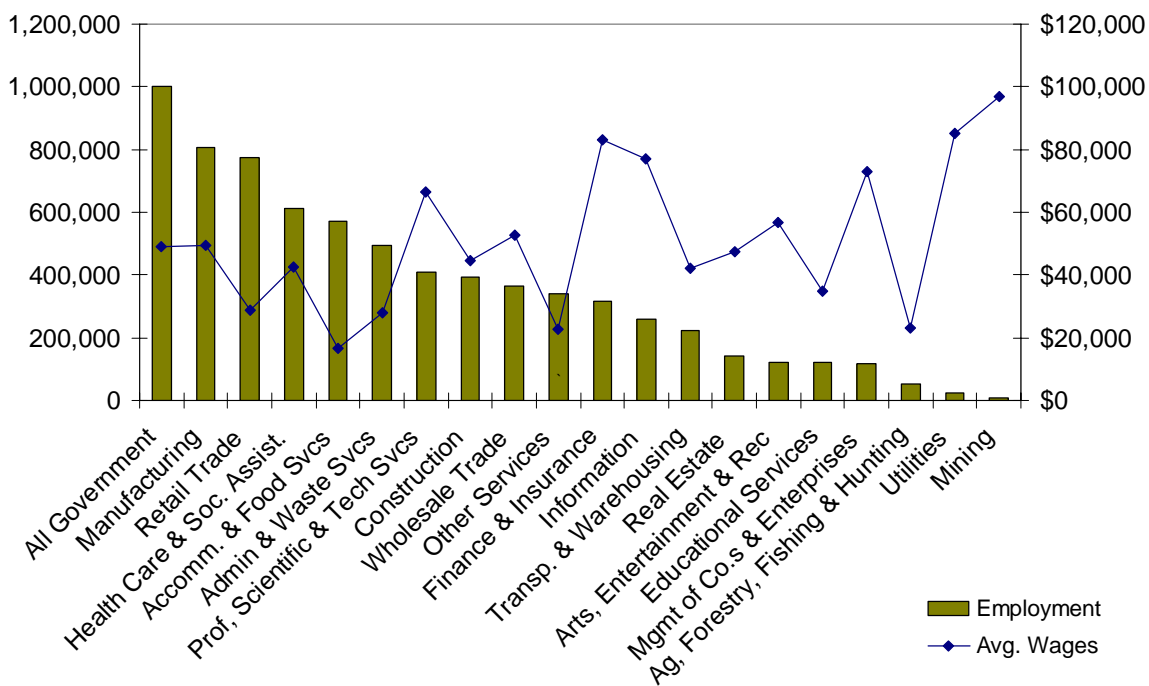
- **Manufacturing** and **Wholesale Trade** reported the highest concentrations of the top ten sectors.
- Nine of the ten largest sectors reported job growth from 2001 to 2005. Only **Manufacturing** reported job losses.

Average Wages

Another important factor to consider is how well an industry pays. In 2005, the average annual wage across all private industries in the Southern California Region was \$43,812, compared to the statewide average of \$45,686. The Southern California Region ranks second among the nine economic regions; only the Bay Area Region has a higher average.

At the major sector level, the highest average annual wage of \$97,075 was reported by Mining, followed by Utilities (\$85,237), and Finance & Insurance (\$83,055). The lowest, \$16,769, was reported by Accommodation & Food Services. The average annual wage in the government sector – the region’s largest employer – was \$48,870. **Figure 5** compares 2005 employment with the average annual wages reported by each industry sector.

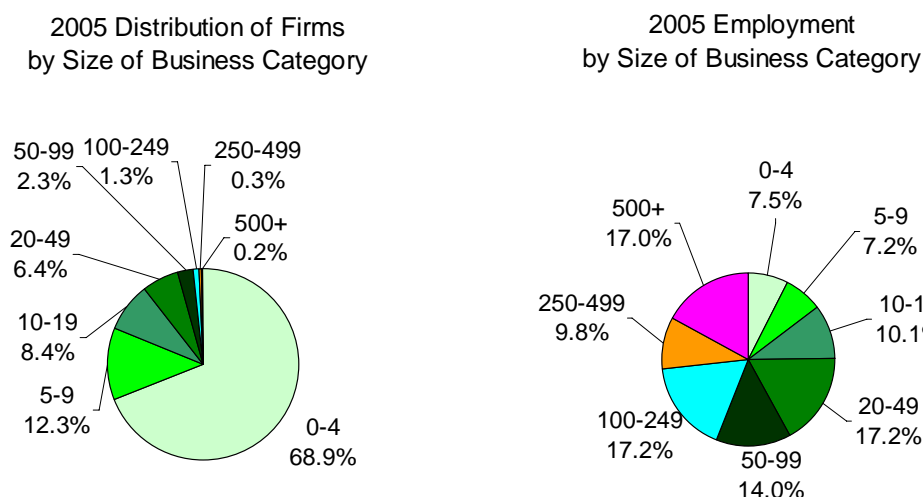
Figure 5 2005 Employment and Average Annual Wages



Size of Business

From 2001 to 2005, the percentage of businesses with fewer than 100 employees remained constant within the region at 98.0% in 2001 and 98.2% in 2005. The businesses with fewer than 100 employees provided 56.1% of all private industry jobs in 2005. In contrast, about 1.8% of all businesses in the Southern California Region employ 100 or more workers, and these businesses provide 43.9% of the region’s private sector jobs.

Figure 6 Distribution of Firms and Jobs by Size of Business in 2005



Businesses with fewer than 50 employees provided 42.1% of all private industry jobs in 2005. Looking at the smallest firms, those with fewer than 10 employees provided 14.7% of all private industry jobs. Other Services reported the highest percentage of businesses with fewer than 100 employees, at 99.9%, followed by Real Estate & Rental & Leasing, at 99.3%, and Professional, Scientific & Technical Services, at 98.9%. Management of Companies & Enterprises reported the lowest percentage, at 84.1%.

Figure 7 provides a summary of economic facts for all of the industry sectors.

Figure 7 Industry Composition in 2005

NAICS	Major Industry Sector	% of Employment	Avg. Annual Growth Rate	2005 LQ*	Avg. Annual Wage	Firms with less than 100 employees	Firms with less than 50 employees
11	Ag, Forestry, Fishing & Hunting	0.7%	-0.9%	0.3	\$ 22,988	95.2%	89.4%
21	Mining	0.1%	0.2%	0.6	\$ 97,075	95.1%	87.9%
22	Utilities	0.3%	3.9%	0.9	\$ 85,237	87.3%	77.3%
23	Construction	5.5%	5.1%	0.9	\$ 44,514	97.9%	94.7%
31-33	Manufacturing	11.3%	-3.8%	1.1	\$ 49,395	93.7%	87.1%
42	Wholesale Trade	5.1%	0.8%	1.2	\$ 52,624	98.5%	95.8%
44-45	Retail Trade	10.8%	2.2%	1.0	\$ 28,924	96.8%	92.5%
48-49	Transportation & Warehousing	3.1%	-0.3%	1.2	\$ 42,215	95.5%	90.9%
51	Information	3.6%	-0.2%	1.2	\$ 77,093	96.7%	93.6%
52	Finance & Insurance	4.4%	4.3%	1.1	\$ 83,055	97.7%	95.2%
53	Real Estate & Rental & Leasing	2.0%	2.7%	1.0	\$ 47,254	99.3%	98.1%
54	Prof., Scientific & Technical Svcs	5.7%	0.8%	0.9	\$ 66,473	98.9%	97.2%
55	Management of Co.s & Enterprises	1.6%	-3.7%	1.1	\$ 73,103	84.1%	72.2%
56	Administrative & Waste Services	6.9%	1.5%	1.1	\$ 28,136	94.4%	89.8%
61	Educational Services	1.7%	3.3%	1.1	\$ 35,031	96.1%	91.1%
62	Health Care & Social Assistance	8.6%	2.5%	1.0	\$ 42,739	97.9%	95.6%
71	Arts, Entertainment, & Recreation	1.7%	0.8%	1.1	\$ 56,644	98.4%	95.5%
72	Accommodation & Food Services	8.0%	2.8%	1.0	\$ 16,769	97.7%	91.6%
81	Other Services	4.8%	4.9%	1.1	\$ 22,543	99.9%	99.7%
	All Government	14.0%	0.2%	0.9	\$ 48,870	N/A	N/A

* LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

Figure 8 shows the rankings for all major industry sectors in four important areas; employment size, growth rate, concentration and wages.

Figure 8 Rankings

NAICS	Major Industry Sector	Employmt Size (2005)	AAGR*	2005 LQ**	Avg. Wage
11	Agriculture, Forestry, Fishing & Hunting	18	18	20	18
21	Mining	20	14	19	1
22	Utilities	19	4	15	2
23	Construction	8	1	16	12
31-33	Manufacturing	2	20	4	9
42	Wholesale Trade	9	13	2	8
44-45	Retail Trade	3	9	13	16
48-49	Transportation & Warehousing	13	17	3	14
51	Information	12	16	1	4
52	Finance & Insurance	11	3	10	3
53	Real Estate & Rental and Leasing	14	7	11	11
54	Prof., Scientific, & Technical Services	7	11	17	6
55	Management of Co.s & Enterprises	17	19	5	5
56	Administrative & Waste Services	6	10	7	17
61	Educational Services	16	5	8	15
62	Health Care & Social Assistance	4	8	12	13
71	Arts, Entertainment, & Recreation	15	12	6	7
72	Accommodation & Food Services	5	6	14	20
81	Other Services	10	2	9	19
	All Government	1	15	18	10

* AAGR – Average Annual Growth Rate

* LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

Private Industry Sub-sectors and Industry Groups

While it is important to understand the economy at the major sector level, additional insight may be gained by looking at the sub-sector level, across all sectors. In the NAICS coding system, the three-digit level is the sub-sector level, and the four-digit level is the industry group level. The following explores the three- and four-digit levels in order to look within the major sectors to see specific sub-sectors and industry groups reporting significant employment, concentration and growth.

The ten largest sub-sectors (based on their employment size in 2005) provide 38% of the region's jobs:

- Food Services & Drinking Places (NAICS 722) provides 6.9% of the jobs;
- Administrative & Support Services (NAICS 561) provides 6.7% of the jobs;
- Professional, Scientific & Technical Services (NAICS 541) provides 5.7% of the jobs;
- Specialty Trade Contractors (NAICS 238) provides 3.8% of the jobs;
- Ambulatory Health Care Services (NAICS 621) provides 3.7% of the jobs;
- Merchant Wholesalers, Durable Goods (NAICS 423) provides 2.7% of the jobs;
- Hospitals (NAICS 622) provides 2.4% of the jobs;
- Credit Intermediation & Related Activities (NAICS 522) provides 2.3% of the jobs; and,
- Food & Beverage Stores (NAICS 445) provides 2.1% of the jobs;
- Motion Picture & Sound Recording Industries (NAICS 512) provides 1.9% of the jobs.

The ten sub-sectors with the highest concentration², or greatest competitive advantage, (and representing at least 0.05% of the region's jobs in 2005) were:

- Textile Mills (NAICS 313) with a concentration of 1.9;
- Apparel Manufacturing (NAICS 315) with a concentration of 1.9;
- Motion Picture & Sound Recording Industries (NAICS 512), with a concentration of 1.9;
- Leather & Allied Product Manufacturing (NAICS 316) with a concentration of 1.7;
- Plastics & Rubber Products Manufacturing (NAICS 326) with a concentration of 1.6;
- Textile Product Mills (NAICS 314) with a concentration of 1.5;
- Furniture & Related Product Manufacturing (NAICS 337) with a concentration of 1.5;
- Primary Metal Manufacturing (NAICS 331) with a concentration of 1.4;
- Electrical Equipment, Appliance & Component Manufacturing (NAICS 335) with a concentration of 1.4; and,
- Transportation Equipment Manufacturing (NAICS 336) with a concentration of 1.4.

The top ten fastest growing sub-sectors from 2001 to 2005, and providing at least 0.05% of the region's jobs, were:

- Private Households (NAICS 814), with a 13.2% average annual growth rate (AAGR);
- Wholesale Electronic Markets and Agents and Brokers (NAICS 425), with an 11.7% AAGR;
- Funds, Trusts, and Other Financial Vehicles (NAICS 525), with a 9.9% AAGR;
- Credit Intermediation and Related Activities (NAICS 522), with a 7.2% AAGR;
- Motion Picture and Sound Recording Industries (NAICS 512), with a 6.1% AAGR;
- Specialty Trade Contractors (NAICS 238), with a 5.5% AAGR;
- Construction of Buildings (NAICS 236), with a 5.5% AAGR;
- Ambulatory Health Care Services (NAICS 621), with a 4.3% AAGR;
- General Merchandise Stores (NAICS 452), with a 4.1% AAGR; and,
- Building Material and Garden Equipment and Supplies Dealers (NAICS 444), with a 4.1% AAGR.

The top ten best-paying sub-sectors in 2005, and providing at least 0.05% of the region's jobs, were:

- Securities, Commodity Contracts & Other Financial Investments and Related Activities (NAICS 523), with an average annual wage of \$172,607;
- Performing Arts, Spectator Sports, and Related Industries (NAICS 711), \$141,683;
- Petroleum and Coal Products Manufacturing (NAICS 324), \$88,465;
- Utilities (NAICS 221), \$85,237;
- Broadcasting (except Internet) (NAICS 515), \$83,089;
- Motion Picture and Sound Recording Industries (NAICS 512), \$82,677;
- Internet Service Providers, Web Search Portals, and Data Processing Serv (NAICS 518), \$79,847;

² A concentration greater than 1.0 means the region has a higher concentration of jobs in that industry than is found statewide. Industries highly concentrated in a region are important to the region, even if they are not the largest in employment size.

- Insurance Carriers and Related Activities (NAICS 524), \$77,193;
- Computer and Electronic Product Manufacturing (NAICS 334), \$75,488; and,
- Management of Companies and Enterprises (NAICS 551), \$73,103.

Looking at the four-digit NAICS level, at private sector industry groups, **Figure 9** shows facts about the top 20 fastest growing industry groups, where the industry groups provided at least 0.01% of the region's employment. Some of these industry groups are very small in employment, but may warrant watching due to the very high growth reported from 2001-2005.

Figure 9 Top 20 Fastest Growing Industry Groups

NAICS	Industry Group	2005 Empl.*	2001-2005 AAGR	2005 Avg. Annual Wage
5259	Other Investment Pools & Funds	1,920	23.4%	\$ 83,873
3211	Sawmills & Wood Preservation	640	23.2%	\$ 28,035
5223	Activities Related to Credit Intermediation	30,660	19.0%	\$ 67,166
5621	Waste Collection	6,050	16.7%	\$ 45,599
4889	Other Support Activities for Transportation	2,460	14.5%	\$ 30,232
4869	Other Pipeline Transportation	390	14.4%	\$ 86,877
6117	Educational Support Services	3,870	14.1%	\$ 34,288
8141	Private Households	130,570	13.2%	\$ 12,942
4251	Wholesale Electronic Markets & Agents & Brokers	46,330	11.7%	\$ 51,391
6216	Home Health Care Services	26,910	11.6%	\$ 30,063
4851	Urban Transit Systems	1,510	11.6%	\$ 25,772
5416	Mgmt, Scientific & Tech. Consulting Svcs	61,850	11.3%	\$ 60,029
5611	Office Administrative Services	32,900	11.2%	\$ 59,961
6115	Technical & Trade Schools	7,230	10.2%	\$ 36,289
5222	Nondepository Credit Intermediation	55,800	10.2%	\$ 84,091
4529	Other General Merchandise Stores	35,000	9.9%	\$ 25,066
2361	Residential Building Construction	54,540	9.7%	\$ 50,018
2381	Foundation, Structure & Bldg Exterior Contractors	77,440	9.0%	\$ 34,245
2131	Support Activities for Mining	1,960	8.9%	\$ 68,202
5312	Offices of Real Estate Agents & Brokers	28,540	8.8%	\$ 67,886

- Employment rounded to nearest 10. "S" means the data is suppressed for confidentiality.

REGIONAL SNAPSHOT 2006 & 2007

*This snapshot provides estimates of employment change since 2005, to see what effects recent events may be having on the economy, as well as any lingering effects of the 2001 recession. This analysis uses a different data source than that used for the main report, so the findings for each time period are reported separately.**

For the Southern California Region, a look at recent preliminary data shows that the employment growth seen from 2001 to 2005 have continued in 2006 and 2007. Overall, nonfarm employment grew by 2.2% from 2005 to 2006, and again by 1.3% into 2007. From 2001 to 2005, nine of the eleven super sectors reported job growth; from 2005 to 2006, ten reported growth. Slight losses in three sectors from 2006 into 2007 did not offset the overall net growth in nonfarm jobs.

Of particular interest, Manufacturing losses slowed significantly in 2006 and into 2007. Southern California is a national hub for manufacturing, and had experienced significant decline in jobs in past years. Also during this period, Construction growth slowed and then appears to have reversed in 2007, and Financial Activities job growth slowed in 2006, and may have come to a stop in 2007. These changes may reflect the housing downturn.

The following table summarizes employment change from 2001 to 2007. For 2001 through 2006, annual employment was compared; for 2006 to 2007, monthly employment data from July of each year was compared.

SOUTHERN CALIFORNIA	2001-2005	2005-2006	July06-July07
Total Nonfarm Employment	2.4%	2.2%	1.3%
Natural Resources & Mining	1.9%	7.7%	1.4%
Construction	22.0%	5.9%	-0.7%
Manufacturing	-14.5%	-0.7%	-0.4%
Trade, Transportation, & Utilities	5.7%	2.4%	1.0%
Information	-1.0%	0.6%	-0.5%
Financial Activities	16.2%	1.8%	0.0%
Professional & Business Services	2.3%	3.9%	1.8%
Educational & Health Services	11.0%	2.5%	3.5%
Leisure & Hospitality	9.9%	3.1%	2.2%
Other Services	2.6%	1.1%	2.2%
Government	0.7%	1.0%	1.9%

** The source for the 2006 and 2007 data is the Current Employment Statistics (CES) program. The source of the CES data differs from the primary source of data for this Economic Profile report, the Quarterly Census of Employment and Wage (QCEW) data, and information provided here may differ from the QCEW data released in the future for 2006 and 2007. Because the methodology behind the two data sources is different, the CES data is not commingled with the QCEW data in other sections of this report. This data was provided by the CES Unit at the LMID. The data used for the main report was summarized to match the definitions used in the CES data so that comparisons could be made regarding growth. For example, the CES data does not include the Private Households industry employment in the totals for the Other Services sector, as the Private Households industry only reports employment annually and data is not available for the CES monthly estimates.*

THE ECONOMIC BASE

The economic base is traditionally considered to be made up of export-oriented industries in the study area - industries that sell a large portion of their goods or services to people and businesses in markets outside of the area. While the past economic base reports have varied in how they defined the economic base, we have decided to use the more traditional definition for this section of the report. Other industries that are also important to the region will be discussed in a later section.

The following sectors make up the economic base:

- High Tech Manufacturing
- Diversified Manufacturing
- Wholesale Trade & Transportation
- Professional, Business & Information Services
- Tourism & Entertainment
- Federal Government (Defense & Other Federal Government)
- Resource Based

The Southern California Region's economic base industries provided 2,008,100 jobs in 2005, or 28.1% of the region's jobs. From 2001 to 2005, the economic base industries reported overall job losses of almost 51,600 jobs, down 2.5%. Five of the seven sectors in the economic base reported job losses during this period. Only Tourism & Entertainment and Wholesale Trade & Transportation reported job gains.

The Professional, Business & Information Services sector is the largest component of the region's economic base, reporting over 699,300 jobs in 2005. The sector reported modest job losses from 2001 to 2005, down 4,100 jobs (-0.6%).

The second largest component of the economic base is Wholesale Trade & Transportation, with over 387,500 jobs in 2005. Third, Tourism & Entertainment reported over 297,700 jobs. Both of these sectors reported job growth from 2001 to 2005, of almost 2,100 and 35,000 jobs respectively. Diversified Manufacturing is the fourth largest component of the economic base, providing almost 272,700 jobs in 2005, but reporting job losses of almost 54,000 jobs from 2001 to 2005.

Each region's economic base is unique in that the distribution of employment differs from region to region. **Figure 10** shows the distribution of jobs in 2005 and **Figure 11** shows employment from 2001 to 2005 for the Southern California Region's economic base.

Figure 10 Economic Base Employment 2005

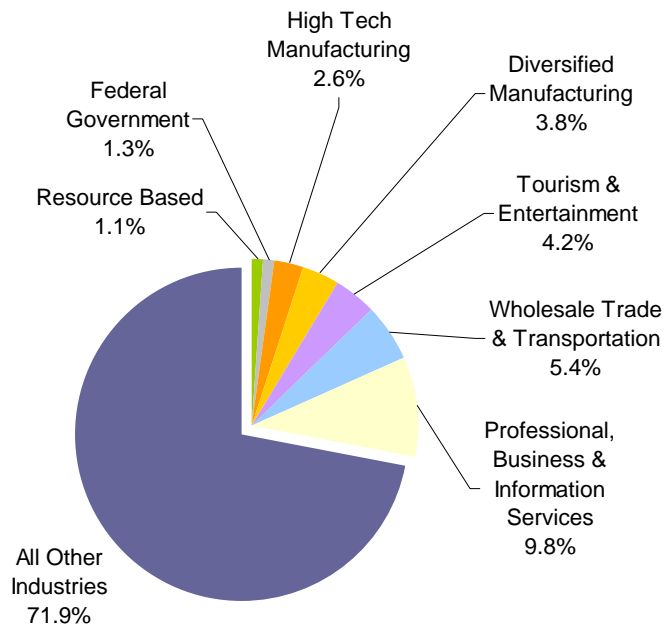
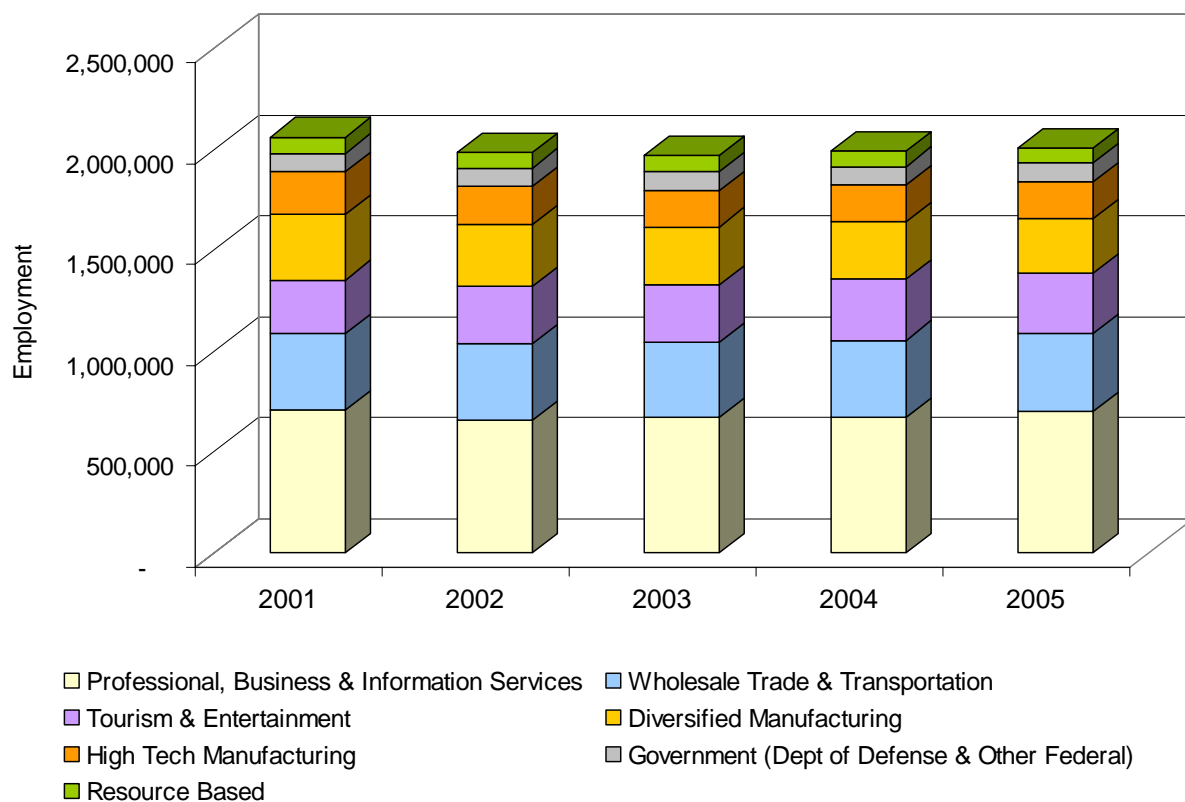


Figure 11 Economic Base Employment 2001-2005



In addition to employment size, job growth is another important factor; however, for the period 2001 to 2005, the Southern California region experienced job losses in five of the seven

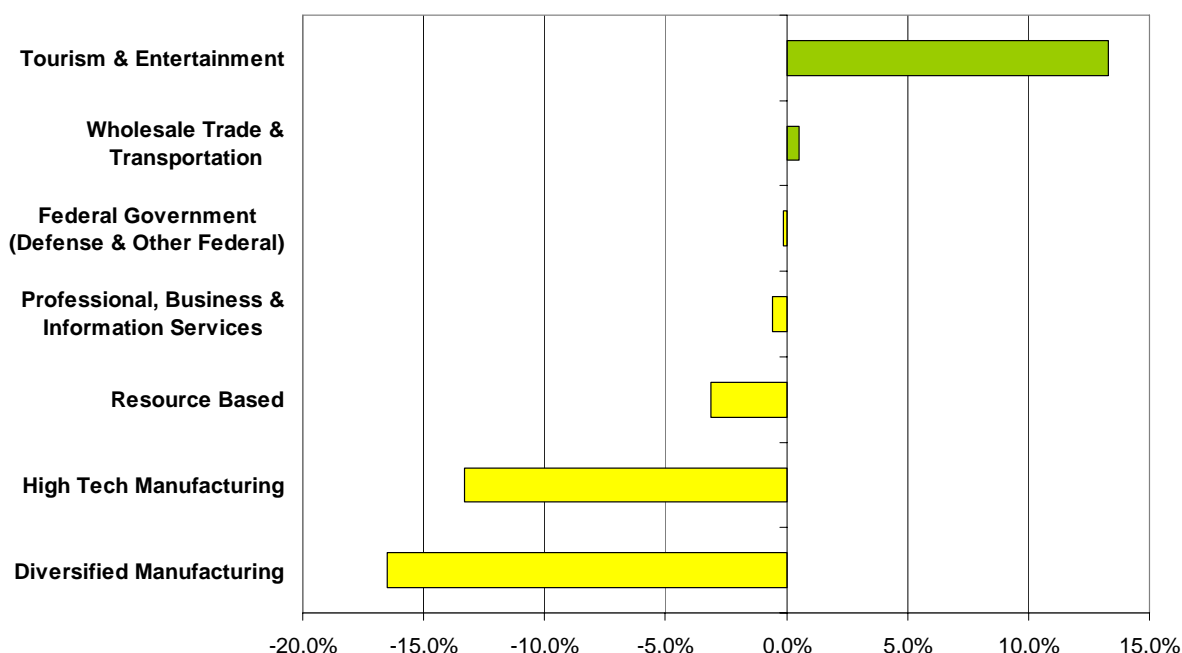
sectors of the economic base. Only Tourism & Entertainment and Wholesale Trade & Transportation reported job growth. Tourism & Entertainment reported the most growth, up 13.3%, and Wholesale Trade & Transportation reported growth of 0.5%.

Of the remaining five sectors, Federal Government (Dept of Defense & Other Federal) reported the smallest percentage of job losses, down only 0.1%, while Diversified Manufacturing reported the greatest percentage of losses, down 16.5%.

Looking across all sub-sectors in the economic base, the greatest number of jobs gained was reported by Motion Picture & Video Industries, up almost 30,400 jobs from 2001 to 2005. The greatest percentage of jobs gained was reported by Logging, up 209%; however, this industry is very small, with only 100 employed in 2005.

Figure 12 shows job growth for each component of the economic base, from 2001 to 2005.

Figure 12 Job Growth 2001 - 2005



Size of Business

From 2001 to 2005, the percentage of economic base businesses with fewer than 100 employees remained fairly constant, from 96.5% in 2001 to 96.8% in 2005. These businesses provided 44.6% of the economic base employment in 2001, and 44.8% of the base employment in 2005. In contrast, only 3.2% of the private sector businesses in the economic base employ 100 or more workers in 2005, and these businesses provide 55.2% of the economic base's private sector jobs.

Figure 13 Distribution of Firms and Jobs in the Economic Base by Size of Business in 2005

Size Category (# employees)	% of Firms	% of Employment
0-4	58.3%	4.7%
5-9	15.7%	5.5%
10-19	10.8%	7.8%
20-49	8.4%	13.6%
50-99	3.6%	13.2%
100-249	2.2%	17.9%
250-499	0.6%	11.4%
500+	0.4%	25.9%

Businesses with fewer than 50 employees provided 31.7% of all (private) economic base jobs in 2005; in comparison, businesses with fewer than 50 employees provided 42.1% of all private industry jobs in the region. Looking at the smallest firms, those with fewer than 10 employees provided 10.2% of all (private) economic base jobs.

The Wholesale Trade & Transportation sector reported the highest percentage of businesses with fewer than 100 employees, at 98.4%, followed by Professional, Business & Information Services at 97.0%. High Tech Manufacturing reported the lowest percentage, at 86.0%. The percentage of economic base firms that are businesses with fewer than 100 employees and fewer than 50 employees, by industry sector, is included in **Figure 14**.

Figure 14 provides a summary of facts for the economic base industries (some employment is suppressed at the sub-sector level, due to confidentiality, in the High Tech Manufacturing and Resource Based sectors):

Figure 14 Economic Base

Sector	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with less than 100 employees	Firms with less than 50 employees
High Tech Manufacturing	182,500	-13.3%	0.9	\$ 79,128	86.0%	75.9%
Diversified Manufacturing	272,700	-16.5%	1.4	\$ 37,418	94.9%	89.0%
Wholesale Trade & Transportation	387,500	0.5%	1.1	\$ 52,518	98.4%	95.7%
Professional, Business & Information Svcs	699,300	-0.6%	1.0	\$ 55,897	97.0%	94.2%
Tourism & Entertainment	297,700	13.3%	1.2	\$ 50,099	96.0%	91.3%
Government, Defense & Other Fed. Govt.	91,200	-0.1%	0.8	\$ 48,870	Not Available	Not Available
Resource Based	77,100	-3.1%	0.4	\$ 32,068	93.6%	86.7%
Total Economic Base***	2,008,100	-2.5%	1.0	\$ 79,128	96.8%	93.2%

* Employment rounded to nearest 100. Total employment may not equal sum of sectors due to rounding.

** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

*** The average annual wage for the total economic base was calculated using only private industry wage and employment information.

The Base Multiplier

One method for estimating the impact of the basic sector upon the local economy is the Base Multiplier. The Base Multiplier can provide insight as to how many non-basic jobs (jobs created in those industries not considered a part of the economic base) are created by one economic base job. The base multiplier is calculated by dividing the total employment by the economic base employment for a given year.

The Base Multiplier factor for the Southern California Region for 2001 through 2005 was:

Figure 15 Base Multiplier 2001 - 2005

Year	2001	2002	2003	2004	2005
Base Multiplier	3.33	3.45	3.50	3.52	3.56

This suggests that about 3 1/3 jobs were created in non-basic industries for every economic base job created in 2001. This has increased slightly to about 3 1/2 jobs created in non-basic industries for every base job created in 2005.

The following provides a more in-depth look at each component of the economic base.

HIGH TECH MANUFACTURING

The High Tech Manufacturing component of the economic base includes Computer & Peripheral Equipment Manufacturing; Communications Equipment Manufacturing; Semiconductor & Other Electronic Component Manufacturing; Navigational, Measuring, Electromedical and Control Instruments Manufacturing; Aerospace Product & Parts Manufacturing; and, Pharmaceutical & Medicine Manufacturing. In 2005, this sector provided over 182,500 jobs.

Overall, this sector reported job losses of almost 28,000 jobs, down 13.3% from 2001 to 2005. Only Pharmaceutical & Medicine Manufacturing and Navigational, Measuring, Electromedical & Control Instruments Manufacturing reported job gains. Pharmaceutical & Medicine Manufacturing grew by 900 jobs, up 4.6%, and Navigational, Measuring, Electromedical & Control Instruments Manufacturing grew by over 800 jobs, or 1.4%.

Job losses in High Tech Manufacturing were led by losses in the Aerospace Product & Parts Manufacturing sub-sector, down almost 12,800 jobs, or 19.3%. The greatest percentage of jobs lost was reported by Communications Equipment Manufacturing, down 38.4% (a loss of almost 4,800 jobs). Losses were also reported in Semiconductor and Other Electronic Component Manufacturing, down almost 9,200 jobs (-22.5%), and Computer and Peripheral Equipment Manufacturing, down almost 3,000 jobs (-25.5%).

Within High Tech Manufacturing, most of the jobs are found in Navigational, Measuring, Electromedical, and Control Instruments Manufacturing, followed by Aerospace Product and Parts Manufacturing.

The region has a slightly lower concentration of jobs in High Tech Manufacturing (0.9 LQ) than found at the statewide level; however, it has higher concentrations in the two largest sub-sectors, Aerospace Product & Parts Manufacturing (1.6 LQ) and Navigational, Measuring, Electromedical, and Control Instruments Manufacturing (1.2 LQ). **Figure 18** provides the concentration for all High Tech Manufacturing industries.

In 2005, the average annual wage for this sector was \$79,128. At the sub-sector level, average annual wages ranged from a high of \$100,451 reported by Pharmaceutical & Medicine Manufacturing, to a low of \$58,153 reported by Semiconductor & Other Electronic Component Manufacturing.

Figure 16 High Tech Manufacturing 2005 Employment & Average Wages

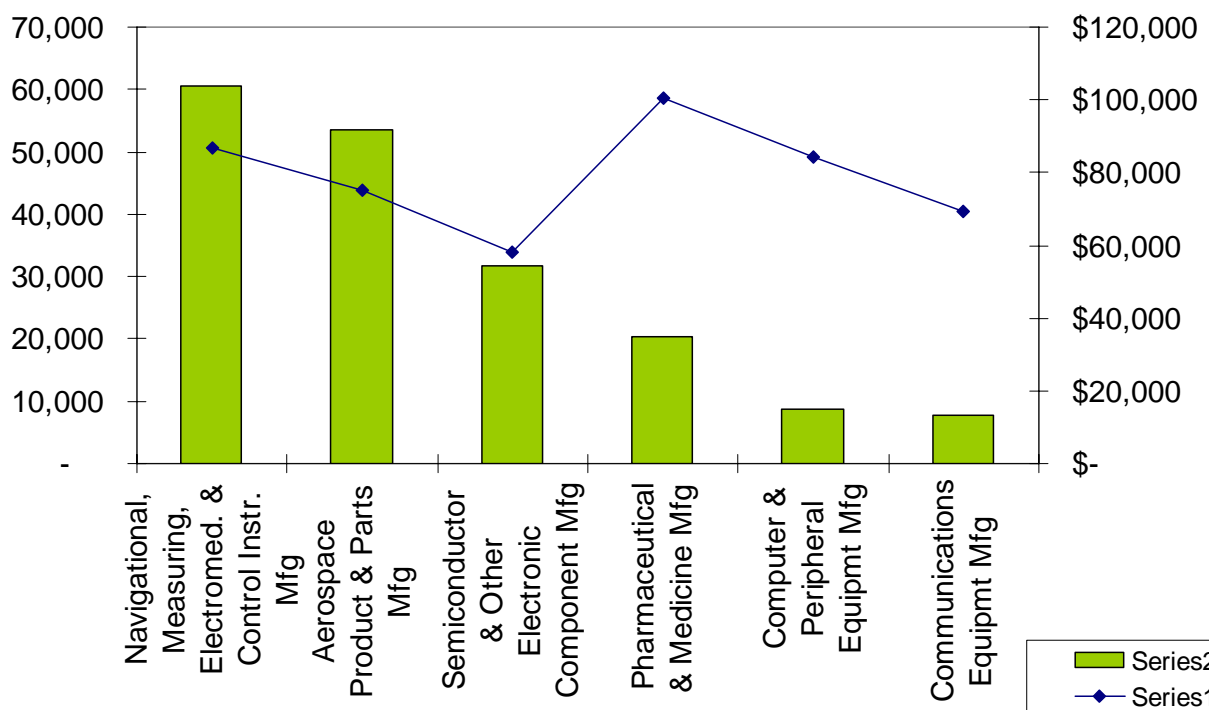


Figure 17 shows employment change from 2001 to 2005 for the industries in High Tech Manufacturing.

Figure 17 High Tech Manufacturing Industries Employment 2001-2005

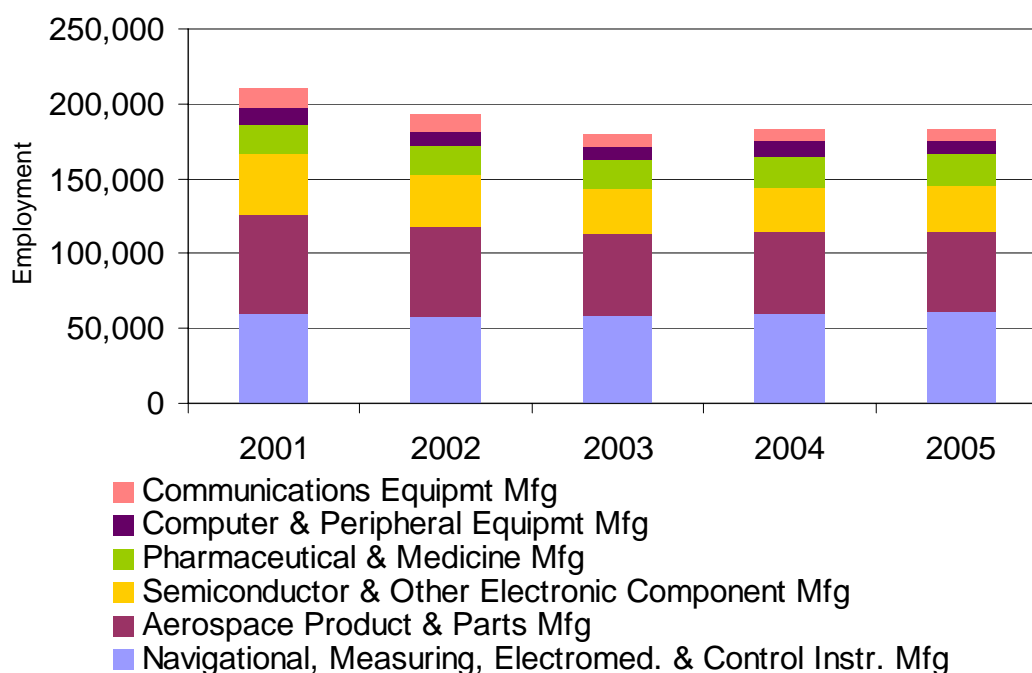


Figure 18 provides a summary of economic facts for the High Tech Manufacturing sector.

Figure 18 High Tech Manufacturing

NAICS	Industry	2005 Empl*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with less than 100 employees	Firms with less than 50 employees
3341	Computer & Peripheral Equipmt Mfg	8,700	-25.5%	0.3	\$ 84,277	88.8%	82.7%
3342	Communications Equipment Mfg	7,700	-38.4%	0.6	\$ 69,531	89.6%	80.6%
3344	Semiconductor & Other Electronic Component Mfg	31,700	-22.5%	0.6	\$ 58,153	87.8%	78.0%
3345	Navigational, Measuring, Electromed., & Control Instruments Mfg	60,600	1.4%	1.2	\$ 86,968	86.0%	75.2%
3364	Aerospace Product & Parts Manufacturing	53,500	-19.3%	1.6	\$ 75,064	83.0%	72.0%
3254	Pharmaceutical & Medicine Mfg	20,400	4.6%	1.0	\$100,451	82.4%	70.5%

* Employment rounded to nearest 100. "S" means employment was suppressed due to confidentiality.

** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

DIVERSIFIED MANUFACTURING

The Diversified Manufacturing component of the economic base includes Wood Product Manufacturing, Paper Manufacturing, Printing & Related Support Activities, Furniture & Related Product Manufacturing, Medical Equipment & Supplies Manufacturing, Apparel Manufacturing, Chemical Manufacturing (except Pharma), and Plastics & Rubber Products Manufacturing. In 2005, this sector provided almost 272,700 jobs, and was the fourth largest component of the region's economic base.

Overall, this sector reported job losses of 16.5% from 2001 to 2005. All sub-sectors reported job losses during this period. Apparel Manufacturing experienced the greatest number and percentage of job losses, down almost 20,700 jobs or 22.7%. Furniture and Related Product reported the second greatest number and percentage of jobs lost, down 11,100 jobs or 21.3%.

Within Diversified Manufacturing, the most jobs are found in Apparel Manufacturing, followed by Plastics and Rubber Products Manufacturing and Furniture & Related Product Manufacturing.

The region has a higher concentration of Diversified Manufacturing jobs overall than found at the statewide level. The highest concentration is found in Apparel Manufacturing (1.9 LQ), followed by Plastics & Rubber Products Manufacturing (1.6 LQ) and Furniture & Related Product Manufacturing (1.5 LQ).

In 2005, the average annual wage for this sector was \$37,418, lower than the overall average wage of \$43,812 for all private industries in the region. At the sub-sector level, this ranged from a high of \$51,211 in Medical Equipment and Supplies Manufacturing, to a low of \$27,036 in Apparel Manufacturing.

The 2005 average annual wage and employment are shown in **Figure 19**.

Figure 19 Diversified Manufacturing 2005 Employment & Average Wages

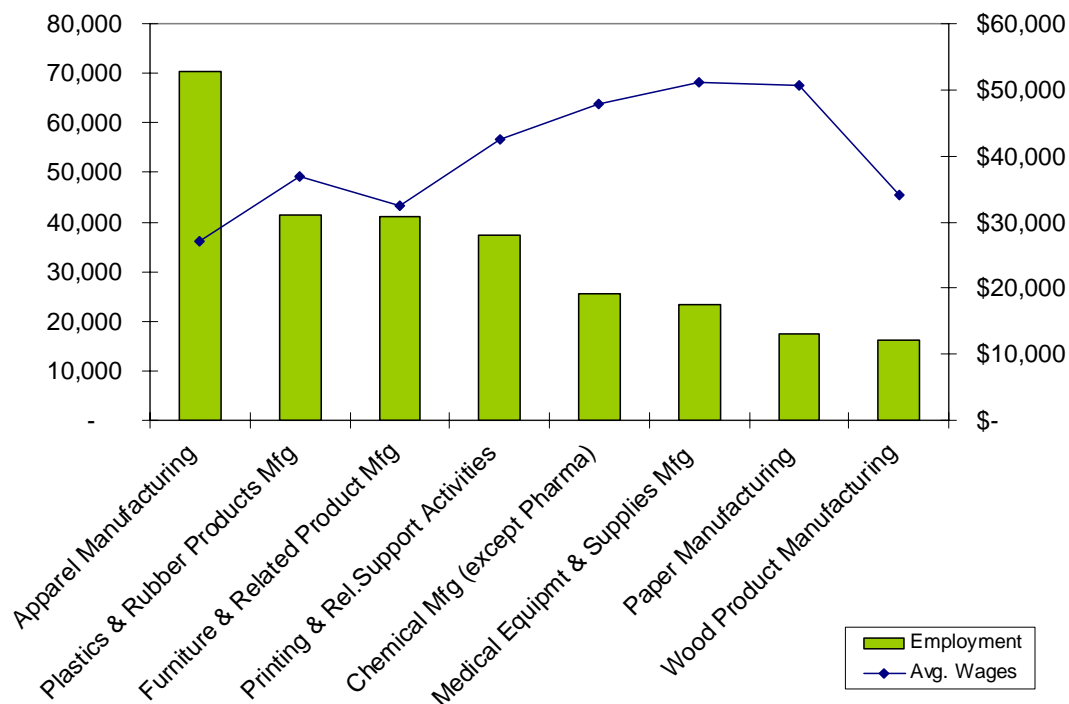


Figure 20 shows employment change from 2001 to 2005 for the industries in Diversified Manufacturing.

Figure 20 Diversified Manufacturing Industries Employment 2001-2005

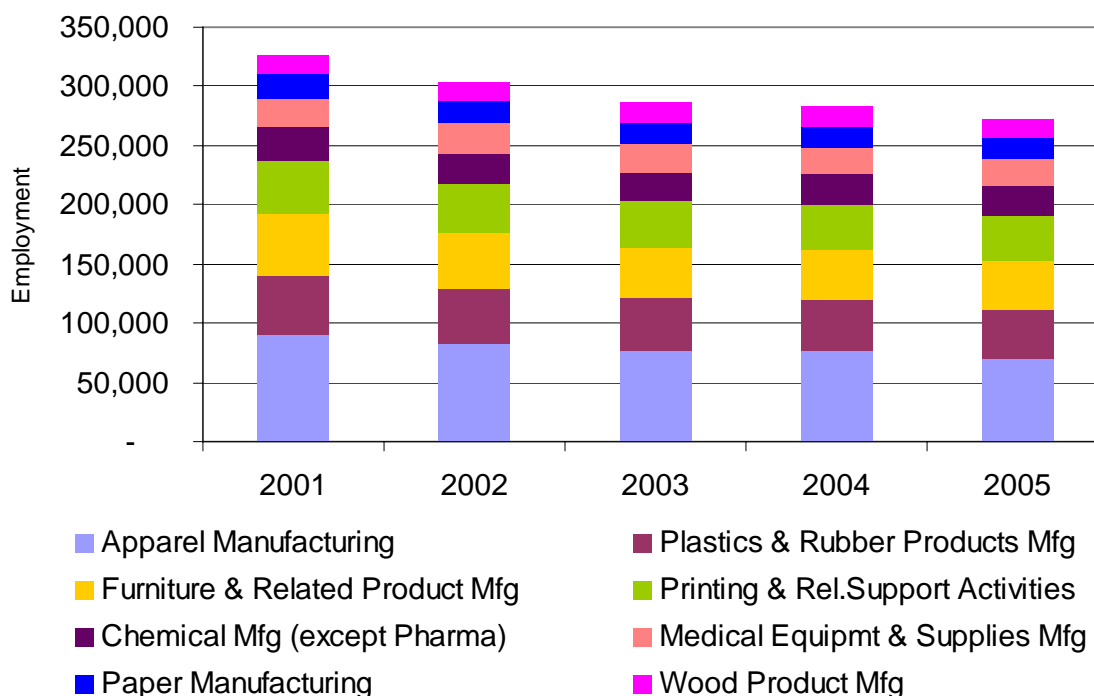


Figure 21 provides a summary of economic facts for the Diversified Manufacturing sector.

Figure 21 Diversified Manufacturing

NAICS	Sub-sector	2005 Emplmt*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
321	Wood Product Manufacturing	16,100	-2.6%	0.9	\$ 34,055	94.0%	86.3%
322	Paper Manufacturing	17,400	-14.4%	1.3	\$ 50,617	83.0%	68.2%
323	Printing & Support Activities	37,300	-16.4%	1.3	\$ 42,404	97.3%	93.3%
337	Furniture & Related Product Mfg	41,000	-21.3%	1.5	\$ 32,466	88.1%	76.0%
3391	Medical Equipmt & Supplies Mfg	23,400	-5.7%	1.0	\$ 51,211	94.6%	87.8%
315	Apparel Manufacturing	70,300	-22.7%	1.9	\$ 27,063	97.0%	92.9%
325-3254	Chemical Mfg (except Pharma)	25,600	-7.2%	1.4	\$ 47,841	95.0%	91.6%
326	Plastics & Rubber Products Mfg	41,500	-16.3%	1.6	\$ 36,948	93.0%	84.8%

* Employment rounded to nearest 100. "S" means employment was suppressed due to confidentiality.

** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

WHOLESALE TRADE & TRANSPORTATION

The Wholesale Trade & Transportation sector includes Merchant Wholesalers, Durable Goods; Merchant Wholesalers, Nondurable Goods; Wholesale Electronic Markets & Agents & Brokers; and, Air Transportation. In 2005, Wholesale Trade & Transportation was the second largest component of the economic base, providing over 387,500 jobs.

Overall, Wholesale Trade & Transportation reported job growth of 0.5% from 2001 to 2005. Two sub-sectors reported growth; Wholesale Electronic Markets & Agents & Brokers reported

the greatest number and percentage of job growth, up almost 16,600 jobs, or 55.8%. Merchant Wholesalers, Durable Goods also reported job growth, up 5,400 jobs or 4.5%. The other two sectors reported job losses during this period.

Within Wholesale Trade & Transportation, most of the jobs are found in Merchant Wholesalers, Durable Goods and Merchant Wholesalers, Nondurable Goods. Looking further, Merchant Wholesalers, Durable Goods employment is led by Professional & Commercial Equipment & Supplies Merchant Wholesalers. Merchant Wholesalers, Nondurable Goods employment is led by Grocery & Related Product Wholesalers.

The region has a slightly higher concentration of jobs in Wholesale Trade & Transportation (1.1 LQ) than at the statewide level. Within the sector, concentration is highest in Merchant Wholesalers, Durable Goods (1.2 LQ).

In 2005, the average annual wage for this sector was \$52,518. This ranged from a high of \$55,908 for Merchant Wholesalers, Durable Goods jobs, to a low of \$48,013 for Merchant Wholesalers, Nondurable Goods jobs.

Figure 22 shows employment and average annual wages for all of the sub-sectors.

Figure 22 Wholesale Trade & Transportation 2005 Employment & Average Wages

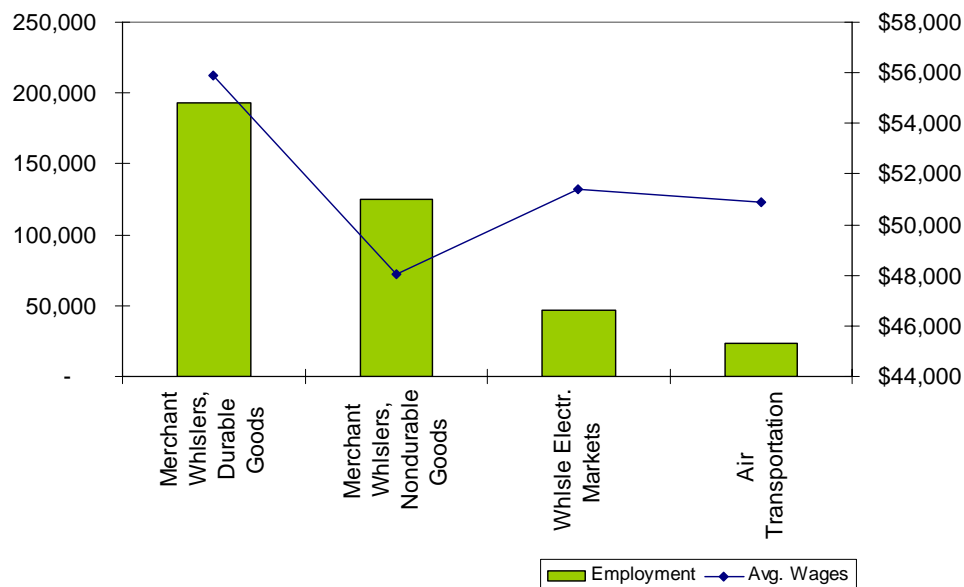


Figure 23 shows employment change from 2001 to 2005 for the industries in Wholesale Trade & Transportation.

Figure 23 Wholesale Trade & Transportation Industries Employment 2001-2005

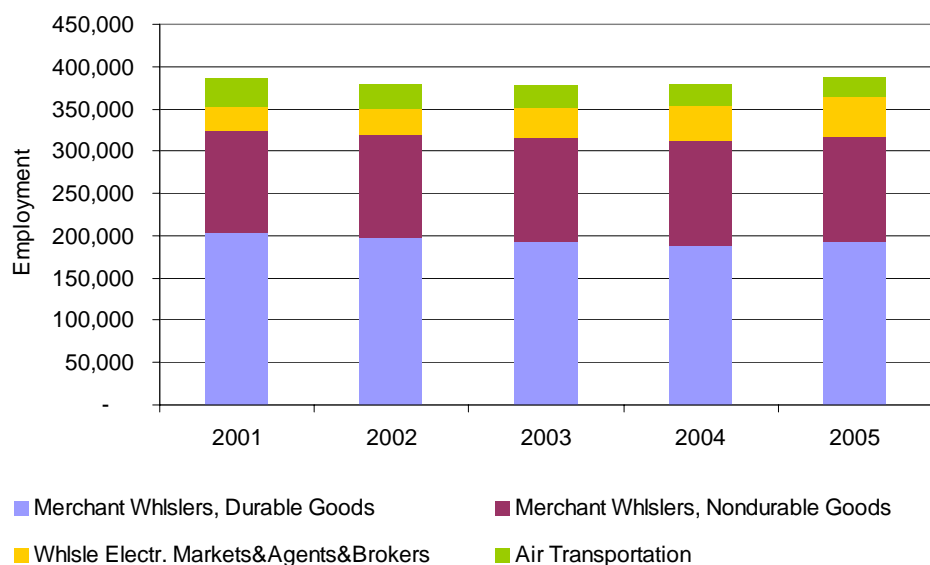


Figure 24 provides a summary of economic facts for the Wholesale Trade & Transportation sector.

Figure 24 Wholesale Trade & Transportation

NAICS	Sub-sector	2005 Emplmt*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
423	Merchant Whslrs, Durable Goods	192,900	-5.5%	1.2	\$ 55,908	98.2%	94.9%
424	Merchant Whslrs, Nondurable Goods	124,900	4.5%	1.1	\$ 48,013	98.0%	94.9%
425	Whsle Electr. Mkts, Agents, Brokers	46,300	55.8%	1.1	\$ 51,391	99.6%	98.6%
481	Air Transportation	23,400	-27.2%	1.0	\$ 50,869	88.0%	80.3%

* Employment rounded to nearest 100.

** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

PROFESSIONAL, BUSINESS & INFORMATION SERVICES

The Professional, Business & Information Services sector includes Legal Services; Accounting, Tax Preparation, Bookkeeping and Payroll Services; Architectural, Engineering and Related Services; Computer Systems Design and Related Services; Management, Scientific and Technical Consulting Services; Scientific Research and Development Services; Management of Companies and Enterprises; Employment Services; Software Publishers; Internet Service Providers and Web Search Portals; and, Data Processing, Hosting and Related Services. In 2005, this sector was the largest component of the economic base, and provided over 699,300 jobs.

Overall, this sector reported modest job losses from 2001 to 2005, down 4,100 jobs or 0.6%. Only five of the eleven sub-sectors reported job gains during this period. The Management, Scientific and Technical Consulting Services sub-sector reported the greatest number and percentage of job growth, up almost 21,600 jobs, or 53.5%; Employment Services grew by almost 10,400 jobs (up 4.9%); Architectural, Engineering & Related Services grew by almost

9,000 jobs (up 17.7%); Legal Services grew by 4,600 jobs (up 7%); and, Scientific Research & Development Services grew by almost 4,500 jobs, or 23.2%.

Within Professional, Business & Information Services, most of the jobs are found in Employment Services, followed by Management of Companies & Enterprises.

The region has the same concentration of jobs in Professional, Business & Information Services found at the statewide level. Several sub-sectors have higher concentration levels, including Accounting, Tax Preparation, Bookkeeping & Payroll Services (1.2 LQ), Employment Services (1.1 LQ), Management of Companies & Enterprises (1.1 LQ) and Legal Services (1.1 LQ).

In 2005, the average annual wage for the sector was \$55,897; Internet Service Providers & Web Search Portals reported the highest average of \$104,924, while Employment Services reported the lowest average wage of \$22,911. **Figure 25** shows employment and average annual wages for all of the sub-sectors.

Figure 25 Professional, Business & Information Services 2005 Employment & Wages

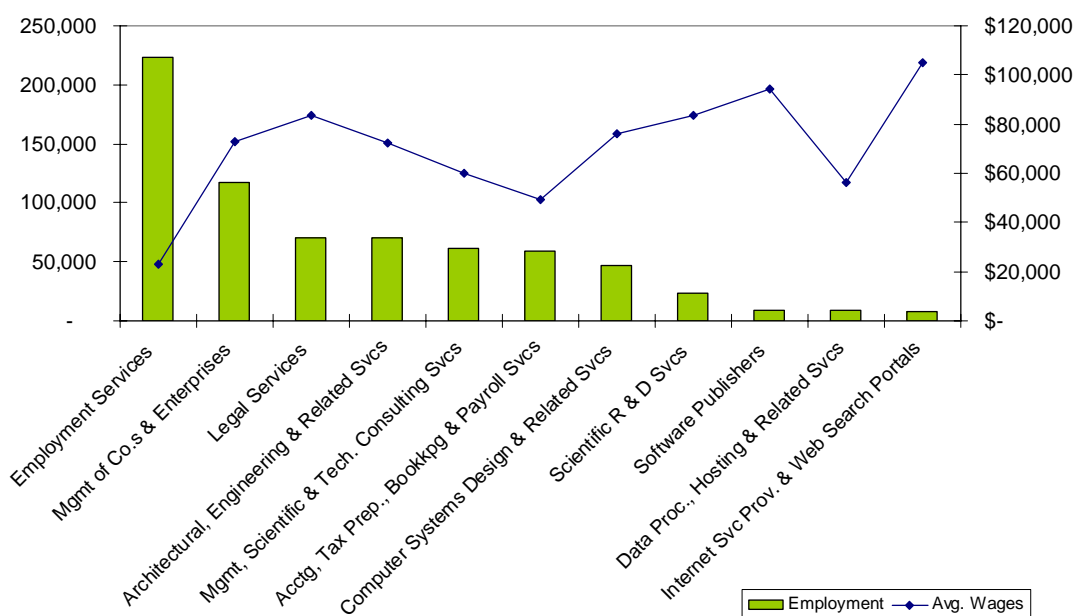


Figure 26 shows employment change from 2001 to 2005 for the industries in Professional, Business & Information Services.

Figure 26 Professional, Business & Info Svcs Industries Employment 2001-2005

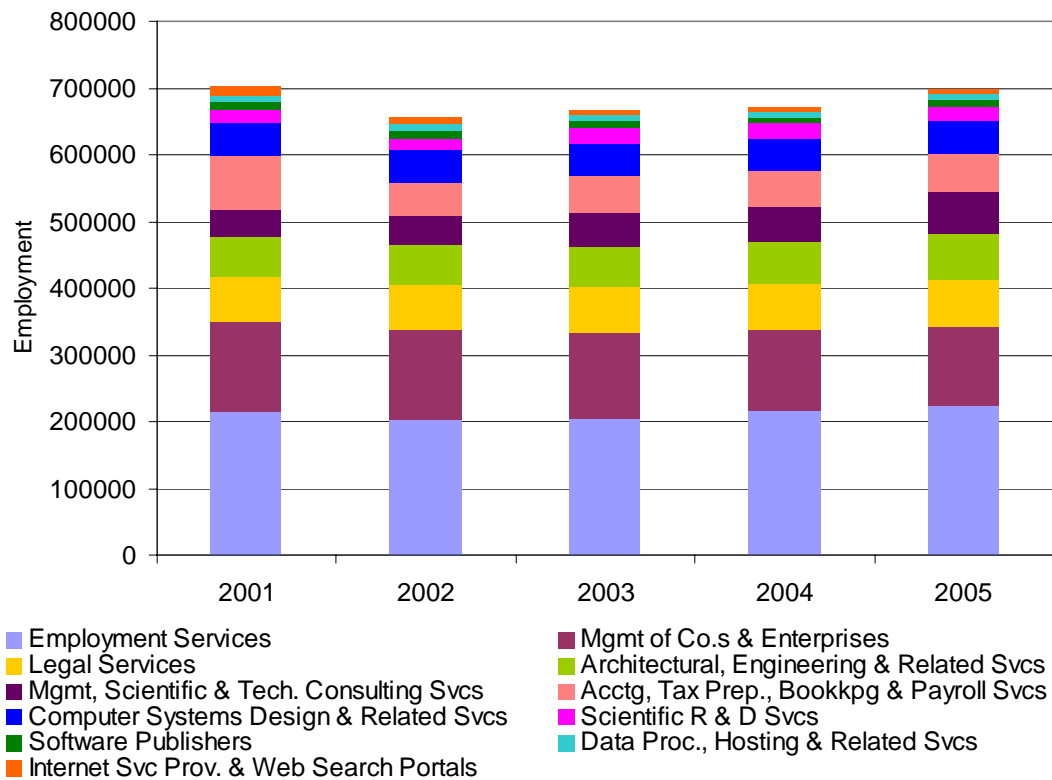


Figure 27 provides a summary of economic facts for the Professional, Business & Information Services sector.

Figure 27 Professional, Business & Information Services

NAICS	Industry	2005 Emplmt*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
5411	Legal Services	70,400	7.0%	1.1	\$ 83,672	99.1%	97.7%
5412	Acctg, Tax Prep, Bookkpg & Payroll Svcs	59,000	-27.1%	1.2	\$ 49,535	99.0%	98.2%
5413	Architectural & Engineering Svcs	70,100	14.7%	0.9	\$ 72,460	98.4%	95.2%
5415	Computer Systems Design Svcs	47,000	-5.5%	0.6	\$ 75,972	98.9%	97.0%
5416	Mgmt, Scientific & Tech.Consult.Svcs	61,800	53.5%	1.0	\$ 60,029	99.3%	98.1%
5417	Scientific R & D Svcs	23,700	23.2%	0.5	\$ 83,803	96.6%	92.5%
5511	Mgmt of Co.s & Enterprises	117,400	-14.1%	1.1	\$ 73,103	84.1%	72.2%
5613	Employment Svcs	223,700	4.9%	1.1	\$ 22,911	77.4%	63.6%
5112	Software Publishers	9,000	-24.9%	0.5	\$ 94,177	95.7%	90.8%
5181	Internet Prov. & Web Search Portals	8,300	-38.7%	0.6	\$104,924	96.8%	94.2%
5182	Data Processing & Hosting Svcs	8,900	-17.6%	0.9	\$ 56,298	98.2%	93.8%

* Employment rounded to nearest 100.

** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

TOURISM & ENTERTAINMENT

The Tourism & Entertainment sector includes Motion Picture & Video Industries; Sound Recording Industries; Amusement, Gambling & Recreation Industries; and, Accommodation. In 2005, this sector provided over 297,700 jobs, and was the third largest component of the region's economic base.

Overall, this sector reported job growth of 13.3% from 2001 to 2005, up almost 35,000 jobs. Three of the four sub-sectors reported job growth. The Motion Picture & Video Industries sub-sector reported the greatest number and percentage of job gains, up 30.4%, or almost 30,400 jobs. Within Motion Picture & Video Industries, most of the jobs are found in Motion Picture & Video Production. The Accommodation and Amusement, Gambling & Recreation Industries sub-sectors also reported job growth, up 6.3% and 2.3% respectively.

Only the Sound Recording Industries sub-sector reported job losses during this period, down about 2,000 jobs or 34%.

The region has a higher concentration of Tourism & Entertainment jobs overall than found at the statewide level. This includes three of the four sub-sectors. Two sub-sectors have the greatest competitive advantage; Motion Picture & Video Industries (1.9 LQ) and Sound Recording Industries (1.7 LQ).

In 2005, the average annual wage reported for this sector was \$50,099. This ranged from a high of \$82,690 for Motion Picture & Video Industries, to a low of \$22,130 for Amusement, Gambling & Recreation Industries. **Figure 28** shows employment and average annual wages for all of the sub-sectors.

Figure 28 Tourism & Entertainment 2005 Employment & Wages

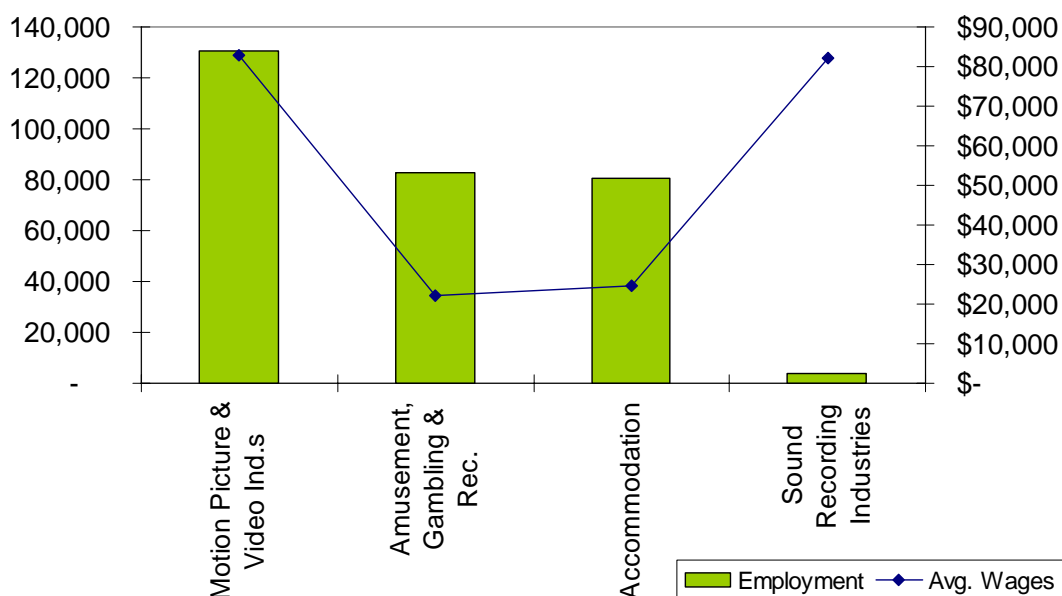


Figure 29 shows employment change from 2001 to 2005 for the industries in Tourism & Entertainment. Sound Recording Industries is not shown due to confidentiality.

Figure 29 Tourism & Entertainment Industries Employment 2001-2005

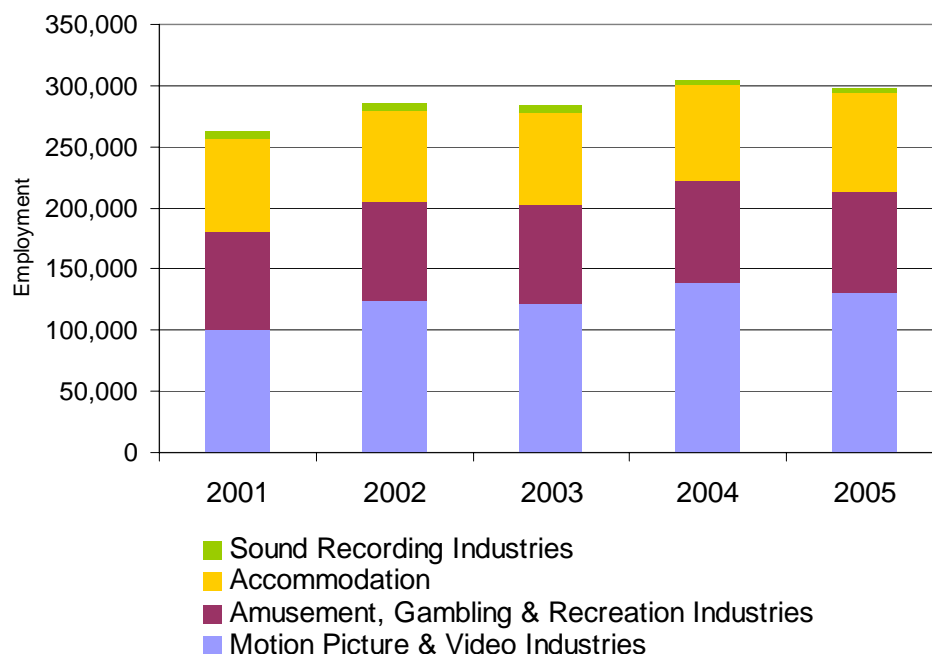


Figure 30 provides a summary of economic facts for the Tourism & Entertainment sector.

Figure 30 Tourism & Entertainment

NAICS	Sub-sector/Industry	2005 Empl*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
5121	Motion Picture & Video Industries	130,300	30.4%	1.9	\$ 82,690	98.2%	96.1%
5122	Sound Recording Industries	3,900	-34.0%	1.7	\$ 82,221	99.2%	98.1%
713	Amusement, Gambling & Recreation	82,700	2.3%	1.1	\$ 22,130	94.6%	93.8%
721	Accommodation	80,800	6.3%	0.9	\$ 24,622	91.5%	86.0%

* Employment rounded to nearest 100.

** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

RESOURCE BASED

The Resource Based industries include Farm³, Logging, Mining, Sawmill & Woodworking Machinery Manufacturing, Fruit & Vegetable Preserving & Specialty Food Manufacturing, Animal Slaughtering & Processing and Seafood Preparation & Packaging⁴. Resource Based is the smallest component of the region's economic base.

³ Farm equals all Agriculture, Forestry, Fishing & Hunting jobs (NAICS 11) except Logging (NAICS 1133).

⁴ There was no employment reported for Sawmill & Woodworking Machinery Manufacturing or for Seafood Preparation & Packaging for the Greater Sacramento Region. These industries are mentioned here so that the economic base definition is consistent across regions.

In 2005, this sector provided almost 77,100 jobs for the region, although the sector reported job losses of almost 2,500 jobs, or 3.1%, from 2001 to 2005. Only two of the seven of the sub-sectors in the Resource Based sector reported job growth during this period. Logging reported the greatest number and percentage of jobs gained, at almost 70 jobs or 209.4%; however, this is a very small industry, with only about 100 jobs reported in 2005. The other sub-sector reporting growth was Mining, up about 50 jobs, or 0.8%. The greatest number of jobs lost was reported by Farm, down over 2,000 jobs or 3.7% (led by losses in Support Activities for Crop Production).

There is much lower concentration of Resource Based jobs in this region (0.4 LQ) than found at the statewide level. See **Figure 33** for the concentration levels (LQs) for all sub-sectors.

In 2005, the average annual wage reported for this sector was \$27,298. This ranged from a high of \$71,447 for Mining, to a low of \$20,543 for Farm jobs.

Figure 31 shows employment and average annual wages for the Resource Based industries.

Figure 31 Resource Based 2005 Employment & Wages

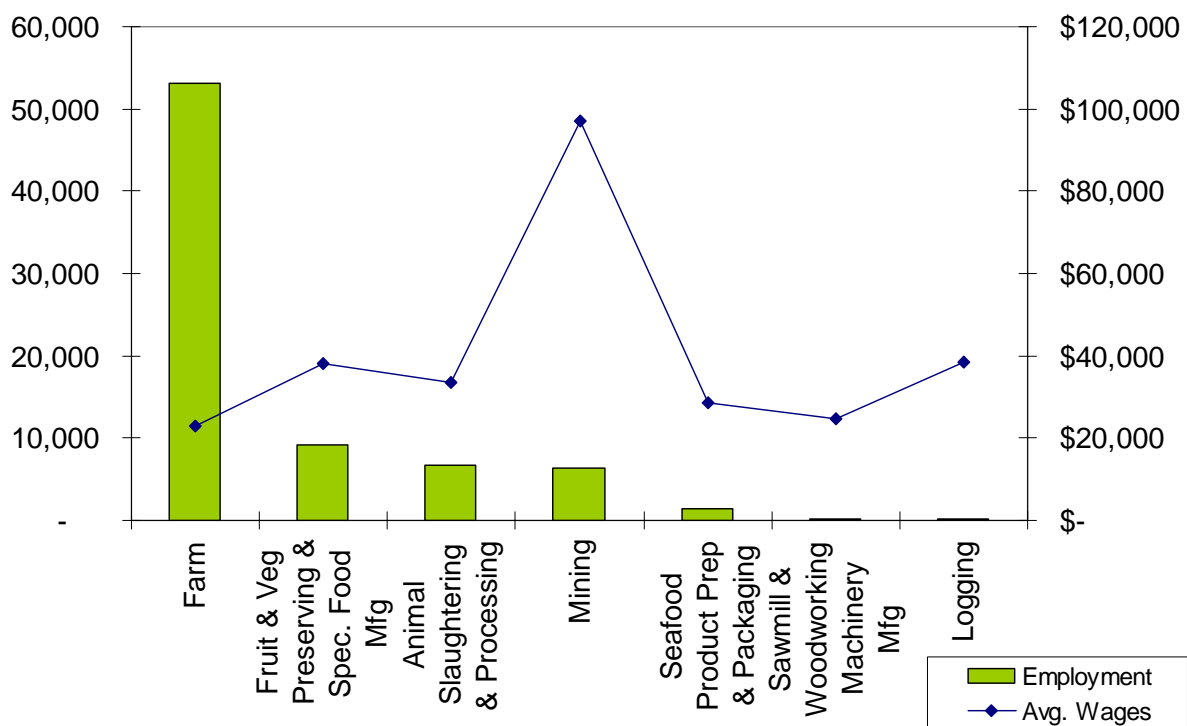


Figure 32 shows employment change from 2001 to 2005 for the Resource Based industries.

Figure 32 Resource Based Industries Employment 2001-2005

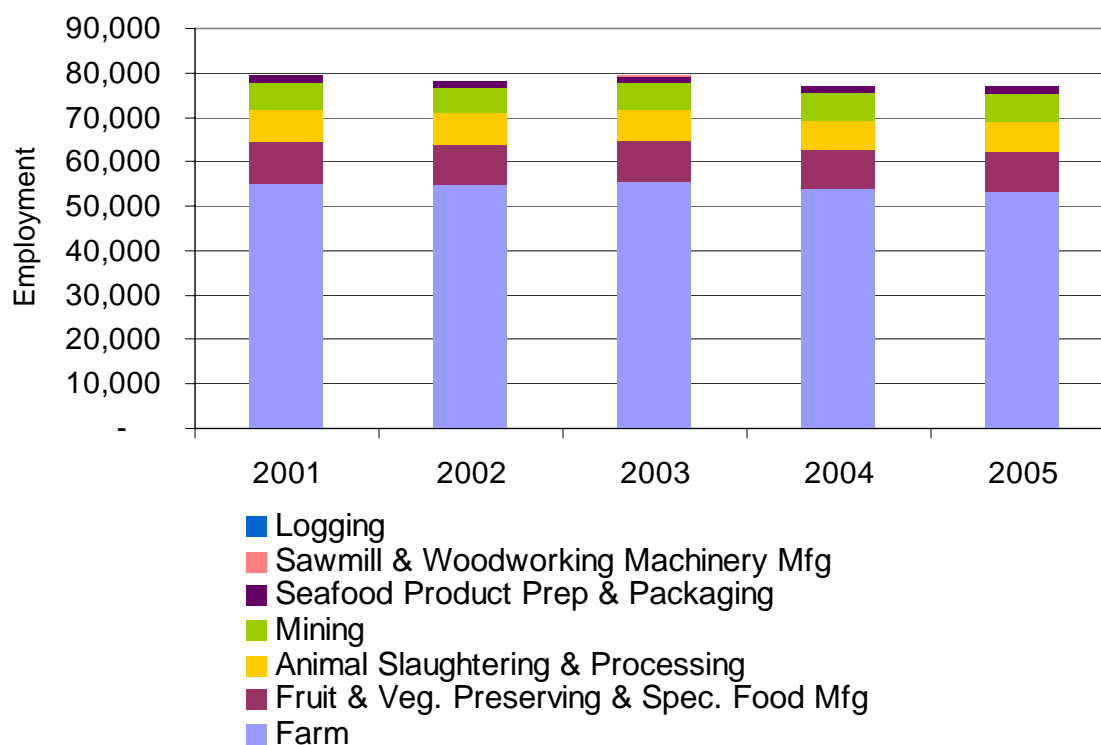


Figure 33 provides a summary of economic facts for the Resource Based industries.

Figure 33 Resource Based

NAICS	Sub-sector/Industry	2005 Emplmt*	Growth 01- 05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
11-1133	Farm	53,100	-3.7%	0.3	\$ 23,017	95.1%	89.3%
1133	Logging	100	209.4%	0.1	\$ 38,600	100.0%	100.0%
21	Mining	6,400	0.8%	0.6	\$ 97,075	95.1%	87.9%
33321	Sawmill & Woodwrkng Machinery Mfg	100	-22.0%	0.5	\$ 24,621	Not Available	Not Available
3114	Fruit & Vegetable Preserving & Specialty Food Mfg	9,100	-0.6%	0.6	\$ 37,989	75.0%	57.8%
3116	Animal Slaughtering & Processing	6,700	-6.4%	0.7	\$ 33,440	89.5%	76.2%
3117	Seafood Product Prep. & Pckgng	1,500	-2.5%	1.3	\$ 28,608	91.9%	78.4%

* Employment rounded to nearest 100. "S" means employment was suppressed due to confidentiality.

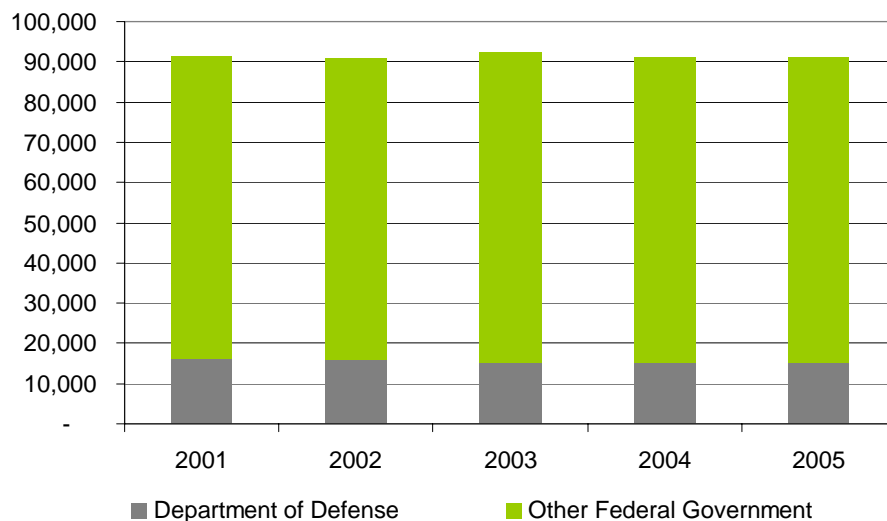
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

FEDERAL GOVERNMENT, DEFENSE AND OTHER FEDERAL GOVERNMENT

The Federal Government sector in the economic base includes Defense and Other Federal Government. In 2005, this sector provided 91,200 of the region's jobs.

This sector experienced the loss of 100 jobs from 2001 to 2005, down 0.1%. During this period, Defense reported the loss of 800 jobs (-5%), while Other Federal Government reported job growth of 700 (up 0.9%).

Figure 34 Defense and Other Federal Government Employment 2001 to 2005



The region has a lower concentration (0.8 LQ) of Defense and Other Federal Government jobs than found at the statewide level.

In 2005, the average annual wage for all federal jobs was \$59,720. A separate average for Defense or Other Federal Government was not available, so we are presenting the average for all federal jobs.

Figure 35 provides a summary of economic facts for Federal Government, Defense and Other Federal Government.

Figure 35 Federal Government, Defense and Other Federal Government

Sub-sector	2005 Employment*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages***
Defense	15,300	-5.0%	0.6	\$ 59,720
Other Federal Government	75,900	0.9%	0.8	\$ 59,720

* Employment rounded to nearest 100.

** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

*** A separate average for Defense or Other Federal Government was not available, so we are presenting the average for all federal jobs.

BEYOND THE ECONOMIC BASE: A LOOK AT INDUSTRY CLUSTERS AND OTHER INDUSTRIES IMPORTANT TO THE REGION'S ECONOMY

This section looks at industry clusters and sectors that are important to the region's economy, but are not considered a part of the economic base. Their inclusion here reflects the broader interpretation of the economic base seen in some of the past economic base reports.⁵ For the Southern California Region, this will include the Food Chain cluster, Construction, Manufacturing Value Chain, Health Sciences & Services and All Government.

THE FOOD CHAIN

California is a leader in the global Food Chain. Global market forces are transforming California's Food Chain, as local firms become multinational firms and foreign firms produce locally in order to efficiently tailor products for local markets. As globalization has increased competition, it has also brought new opportunities in the form of new products for the state's consumers and new markets for the state's firms. Technology's role has been central as an enabler and driver in these global processes through advances in production, packaging, shipping and communications.⁶ Locally, California companies are adopting innovative new processes in order to meet consumers' changing demands, such as the increasing demand for high quality convenience foods and organic products, while remaining competitive.

The Food Chain⁷ cluster is composed of four components; Production, Support, Processing and Distribution. This cluster provides 2.9% of all jobs in the Southern California Region, or just over 207,000 jobs in 2005. From 2001 to 2005, the Food Chain cluster experienced job losses of about 3,000 jobs, a drop of 1.4%.

Most of the jobs within this region's Food Chain cluster are in Processing industries, providing 34.6% of the cluster's jobs, followed by Distribution (31.6%) and Support (21.2%). Production is the smallest component, providing 12.7% of the cluster's jobs.

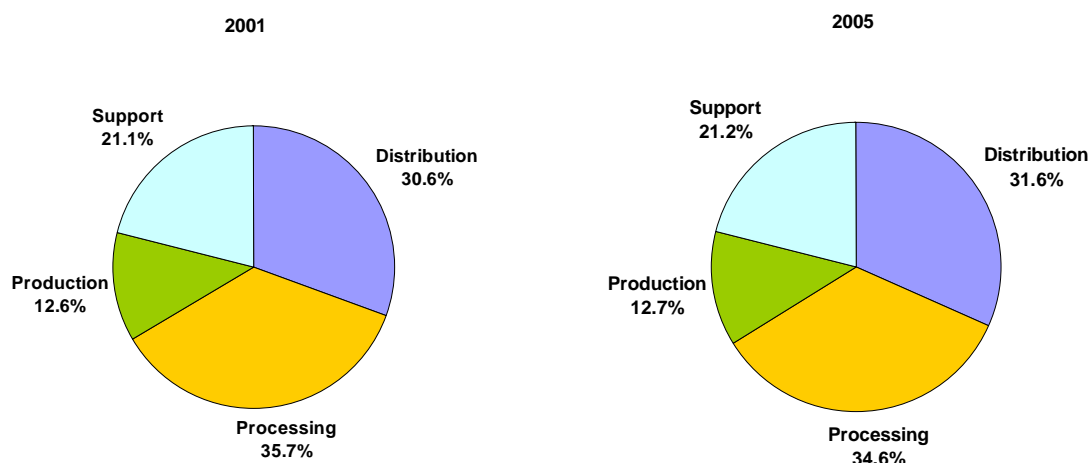
The distribution of jobs within the Food Chain cluster changed in all four areas from 2001 to 2005, with the greatest changes in Production and Support, as seen in **Figure 36**.

⁵ The economic base reports released in 2006 used a broader definition of the economic base than the traditional one, as did the reports released in 2004 for the rural regions.

⁶ Excerpts from the report, *California's Food Chain at Work*, prepared for the California Economic Strategy Panel by Collaborative Economics, Inc.

⁷ This cluster includes some of the industries presented in the Resource Based component of the economic base.

Figure 36 Employment Distribution 2001 & 2005



From 2001-2005, three of the four cluster components reported job losses; only Distribution reported growth, up by almost 1,200 jobs, or 1.9%. This was led by growth in Grocery & Related Product Wholesalers. Processing experienced the greatest number of jobs lost, down about 3,400 jobs (-4.6%). Support lost over 500 jobs (-1.2%), and Production lost over 200 jobs (-0.8%).

Size of Business

From 2001 to 2005, the percentage of Food Chain businesses with fewer than 100 employees remained constant, at 94.9% in 2001 and 95.0% in 2005. These businesses provided 48.2% of the Food Chain employment in 2001, and 49.2% in 2005. In contrast, only 5% of the businesses in the Food Chain employ 100 or more workers, and these businesses provide 50.8% of the Food Chain jobs.

Figure 37 Distribution of Firms and Jobs in the Food Chain by Size of Business in 2005

Size Category (# employees)	% of Firms	% of Employment
0-4	45.2%	3.4%
5-9	18.8%	5.4%
10-19	13.9%	8.2%
20-49	11.9%	16.0%
50-99	5.3%	16.1%
100-249	3.6%	23.9%
250-499	1.0%	13.4%
500+	0.5%	13.6%

Businesses with fewer than 50 employees provided 33% of all Food Chain jobs in 2005; in comparison, businesses with fewer than 50 employees provided 42.1% of all of the region's private industry jobs. Looking at the smallest firms, those with fewer than 10 employees provided 8.8% of all Food Chain jobs, compared to 14.7% of all private industry jobs.

Distribution reported the highest percentage of businesses with fewer than 100 employees, at 96.8%, followed by Production at 96.5%. Processing reported the lowest percentage, at 91.2%. The percentage of Food Chain firms with fewer than 100 employees and fewer than 50 employees, by cluster component, is included in **Figure 38**.

Figure 38 provides a summary of facts for the Food Chain cluster components.

Figure 38 Food Chain

Component	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
Production	26,200	-0.8%	0.3	\$ 21,621	96.5%	92.2%
Support	43,900	-1.2%	0.4	\$ 33,599	92.1%	84.3%
Processing	71,600	-4.6%	0.8	\$ 40,881	91.2%	83.8%
Distribution	65,400	1.9%	1.0	\$ 38,947	96.8%	92.5%
Food Chain Totals	207,000	-1.4%	0.6	\$ 36,293	95.0%	89.7%

* Employment rounded to nearest 100. Total employment may not equal sum of components due to rounding or suppression.

** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

Production

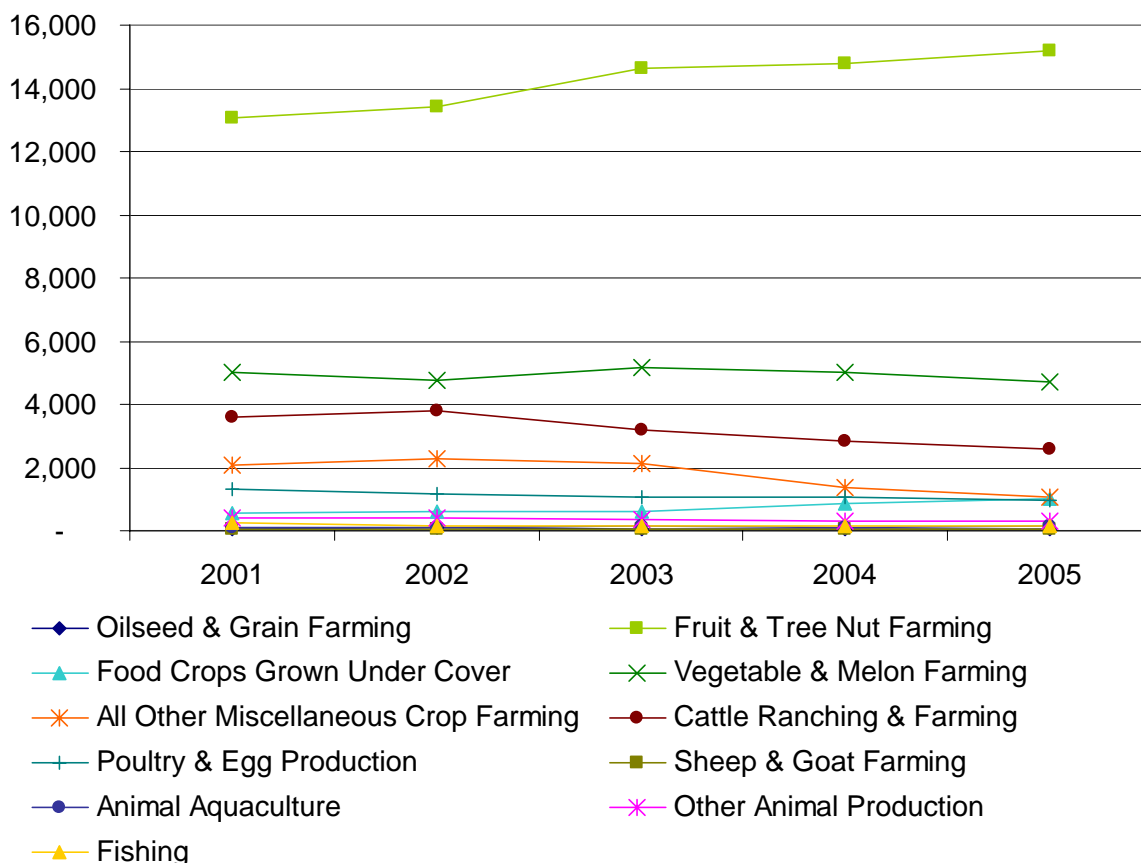
Production is the smallest in employment size of the four Food Chain components, with over 26,200 jobs in 2005. Within Production, the largest industry by far is Fruit & Tree Nut Farming with 15,200 jobs in 2005, followed by Vegetable & Melon Farming with 4,700 jobs. Although Production as a whole reported job losses from 2001 to 2005 of over 200 jobs (down 0.8%), some industries within Production reported job gains. These gains were led by Fruit & Tree Nut Farming, up almost 2,200 jobs (+16.5%).

The job losses in Production were led by All Other Miscellaneous Crop Farming, down almost 1,000 jobs or 48.1%, and Cattle Ranching & Farming All Other Miscellaneous Crop Farming, also down almost 1,000 jobs (-27.7%).

Figure 39 graphs the employment change for the Production industries from 2001 to 2005. Employment for Hog & Pig Farming and Hunting & Trapping is suppressed due to confidentiality.

More information on each industry's size and growth are provided in **Figure 40**.

Figure 39 Production Industries Employment Growth 2001-2005



The Southern California Region has a much lower concentration of Production jobs (0.3 LQ) than found at the statewide level, as do all industries within Production. The concentration for each Production industry is provided in **Figure 40**.

Overall, Production reported an average annual wage of \$21,621 in 2005, which is much lower than the region's average annual wage for all private industries of \$43,812. Within Production, Sheep & Goat Farming reported the highest average wage, at \$37,882, followed by Fishing at \$32,970, while Hunting & Trapping reported the lowest, at \$17,553.

Figure 40 provides a summary of economic facts for the Food Chain Production industries. (Size-of-business data were not available for industries defined at the five or six-digit NAICS code level.)

Figure 40 Food Chain – Production

NAICS	Production	2005 Employmt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
1111	Oilseed & Grain Farming	100	19.3%	0.1	\$ 23,607	100.0%	100.0%
1113	Fruit & Tree Nut Farming	15,200	16.5%	0.4	\$ 18,606	95.8%	90.9%
11141	Food Crops Grown Under Cover	1,000	78.2%	0.5	\$ 25,498	Not Available	Not Available
11193	Sugarcane Farming	0	N/A	N/A	N/A	N/A	N/A
111991	Sugar Beet Farming	0	N/A	N/A	N/A	N/A	N/A
111992	Peanut Farming	0	N/A	N/A	N/A	N/A	N/A
1112	Vegetable & Melon Farming	4,700	-6.3%	0.3	\$ 24,432	90.6%	80.3%
111998	All Other Misc. Crop Farming	1,100	-48.1%	0.2	\$ 22,708	Not Available	Not Available
1121	Cattle Ranching & Farming	2,600	-27.7%	0.2	\$ 28,098	100.0%	98.2%
1122	Hog & Pig Farming	S	-33.3%	0.1	S	S	S
1123	Poultry & Egg Production	1,000	-27.2%	0.6	\$ 27,672	100.0%	100.0%
1124	Sheep & Goat Farming	< 50	-29.5%	0.2	\$ 37,882	100.0%	100.0%
1125	Animal Aquaculture	100	67.9%	0.5	\$ 25,876	100.0%	100.0%
1129	Other Animal Production	300	-27.0%	0.3	\$ 28,550	100.0%	100.0%
1141	Fishing	200	-35.2%	0.5	\$ 32,970	100.0%	100.0%
1142	Hunting and Trapping	S	-97.6%	0.0	\$ 17,553	S	S
	Production Totals, Non-suppressed***	26,200	-0.8%	0.3	\$ 21,621	96.5%	92.2%

* Employment rounded to nearest 100. Numbers may not add due to rounding. "S" means employment was suppressed due to confidentiality.

** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

*** Calculations made using this total may not match those in this report, as the report's findings are based on all data, including confidential data.

Support

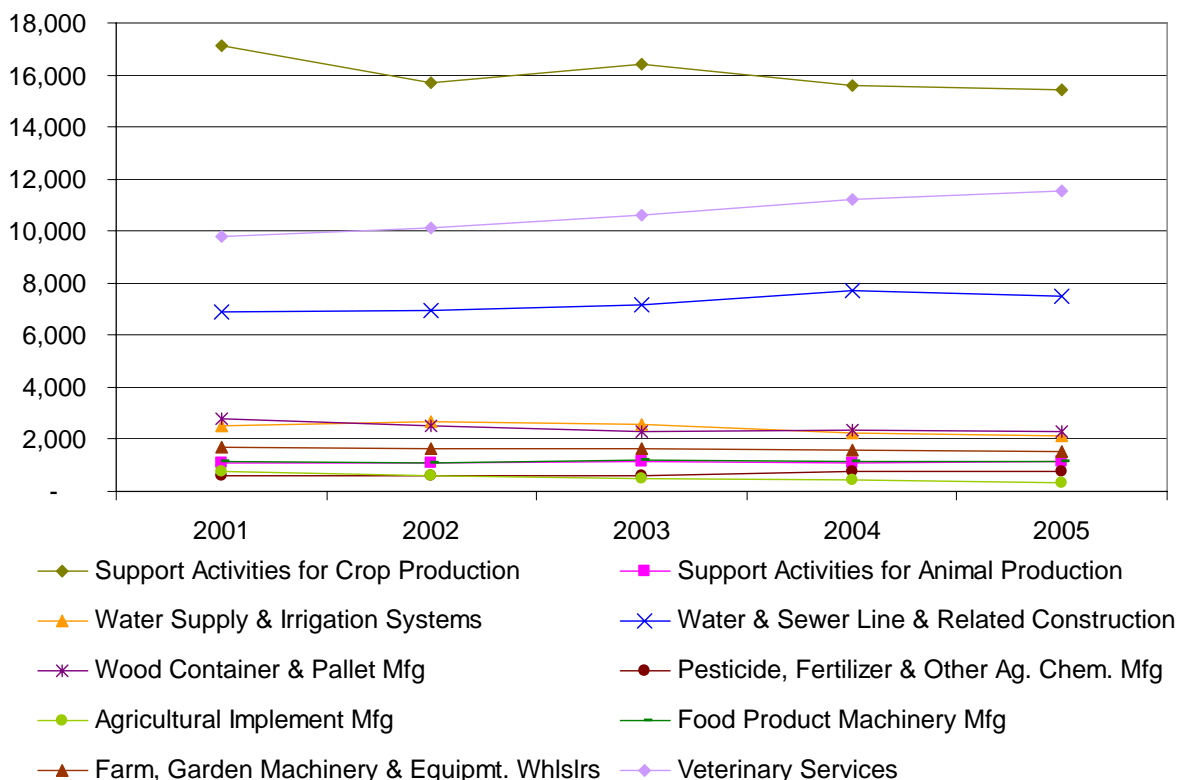
Support is the third largest component of the region's Food Chain cluster, with almost 43,900 jobs in 2005. Support reported job losses of over 500 jobs, or 1.2% from 2001 to 2005. Within Support, the largest industry is Support Activities for Crop Production, with over 15,400 jobs; however, this industry reported losses of over 1,700 jobs, down 9.9%, from 2001 to 2005. Second in size, Veterinary Services reported almost 11,600 jobs in 2005, representing growth of almost 1,800 jobs since 2001, for an increase of 18%.

From 2001 to 2005, the fastest growing Support industry (largest percentage increase in jobs) was Pesticide, Fertilizer & Other Agricultural Chemical Manufacturing, increasing by 29.9%, a gain of almost 200 jobs. This was followed by Veterinary Services' gain of 18%.

The largest percentage of jobs lost during this period was reported by Agricultural Implement Manufacturing, with a loss of 55.3% (down over 400 jobs). The largest number of jobs lost during this period was reported by Support Activities for Crop Production, down almost 1,700 jobs.

Figure 41 graphs the employment change for the Support industries from 2001 to 2005.

Figure 41 Support Industries Employment Growth 2001-2005



The Southern California Region has a low concentration of Support jobs, compared to the statewide level; however, two sub-sectors/industry groups have slightly higher concentrations. This includes Water Supply & Irrigation Systems (1.1 LQ) and Food Product Machinery Manufacturing (1.1 LQ).

Overall, Support reported an average annual wage of \$33,599 in 2005, which is lower than the region's average annual wage for all private industries of \$43,812, but up over 18% from 2001. The highest paying industries within Support are Water & Sewer Line & Related Construction, with an average annual wage of \$55,870, followed by Farm & Garden Machinery & Equipment Merchant Wholesalers (\$51,624) and Water Supply & Irrigation Systems (\$48,848). The industry with the lowest average annual wage is Support Activities for Crop Production, at \$20,540.

Figure 42 provides a summary of economic facts for the Food Chain Support industries. (Size-of-business data were not available for industries defined at the five or six-digit NAICS code level.)

Figure 42 Food Chain - Support

NAICS	Support	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
1151	Support Activities for Crop Production	15,400	-9.9%	0.2	\$ 20,540	86.6%	73.6%
1152	Support Activities for Animal Production	1,100	5.4%	0.8	\$ 25,229	100.0%	100.0%
22131	Water Supply & Irrigation Systems	2,100	-15.9%	1.1	\$ 48,848	Not Available	Not Available
23711	Water & Sewer Line & Rel. Construction	7,500	9.4%	0.8	\$ 55,870	Not Available	Not Available
32192	Wood Container & Pallet Mfg	2,300	-18.6%	1.0	\$ 26,158	Not Available	Not Available
3253	Pesticide, Fertilizer & Other Ag.Chem. Mfg	800	29.9%	0.5	\$ 42,360	100.0%	100.0%
33311	Agricultural Implement Mfg	400	-55.3%	0.3	\$ 36,236	Not Available	Not Available
333294	Food Product Machinery Mfg	1,100	1.2%	1.1	\$ 41,947	Not Available	Not Available
42382	Farm, Garden Machinery & Equip. Whslrs	1,500	-8.9%	0.5	\$ 51,624	Not Available	Not Available
54194	Veterinary Services	11,600	18.0%	0.9	\$ 32,136	Not Available	Not Available
	Support Totals	43,800	-1.2%	0.4	\$ 33,599	92.1%	84.3%

* Employment rounded to nearest 100. Numbers may not add due to rounding. "S" means employment was suppressed due to confidentiality.

** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

Processing

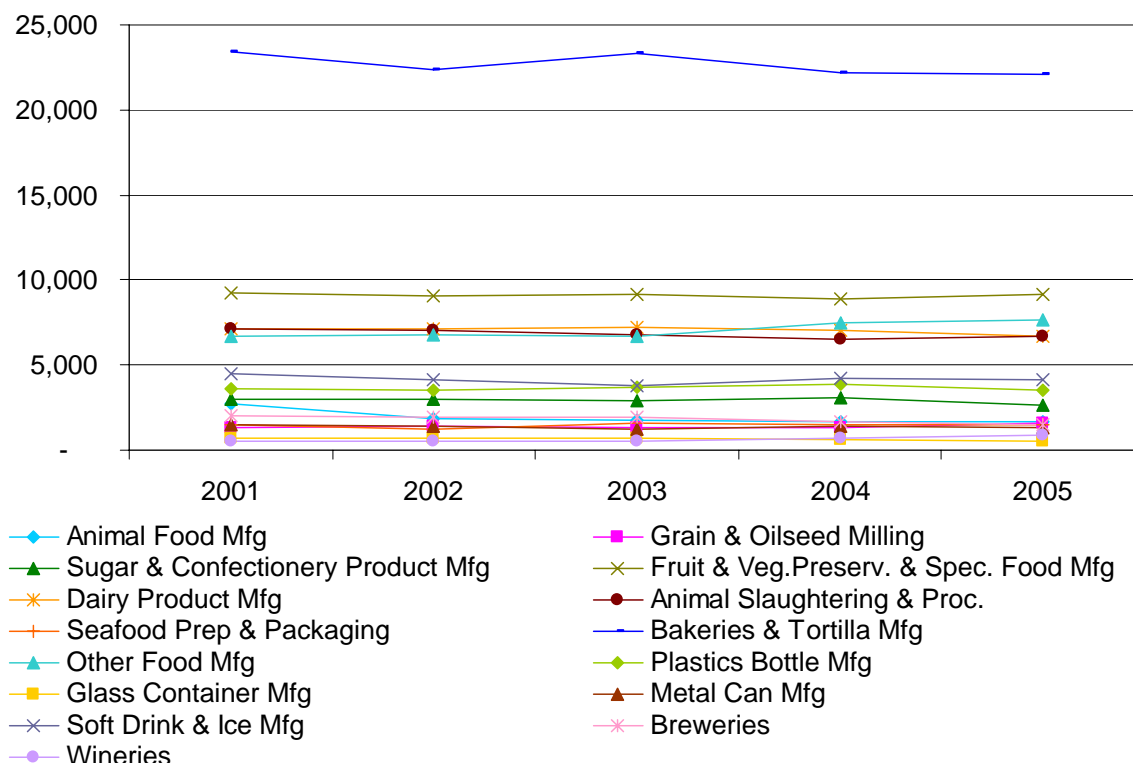
The Processing component of the Food Chain cluster is the largest component, with 71,600 jobs in 2005; however, Processing experienced job losses of over 3,400 jobs from 2001 to 2005, down 4.64%. Within Processing, the largest industry is Bakeries & Tortilla Manufacturing, with almost 22,100 jobs in 2005 (led by Commercial Bakeries). Second, Fruit and Vegetable Preserving and Specialty Food Manufacturing reported over 9,100 jobs (led by Frozen Specialty Food Manufacturing).

The largest number of jobs gained in Processing, for the period 2001 to 2005, was in Other Food Manufacturing, with a gain of over 900 jobs. Wineries was the fastest growing (reporting the greatest percentage of jobs gained), up 77.2%.

The job losses in Processing from 2001 to 2005 were led by Bakeries & Tortilla Manufacturing, down almost 1,400 jobs, followed by Animal Food Manufacturing, down almost 1,000 jobs.

Figure 43 graphs the employment change for the Processing industries from 2001 to 2005. More information on each industry's size and growth are provided in **Figure 44**.

Figure 43 Processing Industries Employment Growth 2001-2005



The Southern California Region has a lower concentration of Processing jobs than found at the statewide level; however, the region has a higher concentration in Plastics Bottle Manufacturing (1.7 LQ), Seafood Product Preparation & Packaging (1.3 LQ), and Bakeries & Tortilla Manufacturing (1.2 LQ). The concentration for each Production industry is provided in **Figure 44**.

Overall, Processing reported an average annual wage of \$40,881 in 2005, which is lower than the region's average annual wage for all private industries of \$43,812. Within Processing, Animal Food Manufacturing reported the highest average wage, at \$73,799, followed by Metal Can Manufacturing, at \$71,068. Wineries reported the lowest, at \$24,843, well below the regional average.

Figure 44 provides a summary of economic facts for the Food Chain Processing industries. (Size-of-business data were not available for industries defined at the five or six-digit NAICS code level.)

Figure 44 Food Chain - Processing

NAICS	Processing	2005 Emplmt*	2001-2005 Growth	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
3111	Animal Food Manufacturing	1,700	-36.4%	1.0	\$ 73,799	100.0%	85.7%
3112	Grain & Oilseed Milling	1,600	16.5%	0.7	\$ 63,091	90.9%	81.8%
3113	Sugar & Confectionery Product Mfg	2,600	-12.1%	0.7	\$ 34,746	100.0%	93.5%
3114	Fruit & Veg. Presrv & Spec. Food Mfg	9,100	-0.6%	0.6	\$ 37,989	75.0%	57.8%
3115	Dairy Product Manufacturing	6,700	-5.9%	0.9	\$ 61,002	77.0%	66.7%
3116	Animal Slaughtering & Processing	6,700	-6.4%	0.7	\$ 33,440	89.5%	76.2%
3117	Seafood Product Prep & Packaging	1,500	-2.5%	1.3	\$ 28,608	91.9%	78.4%
3118	Bakeries & Tortilla Mfg	22,100	-5.8%	1.2	\$ 29,942	94.5%	90.7%
3119	Other Food Manufacturing	7,600	13.9%	0.7	\$ 41,810	93.9%	82.2%
322215	Nonfolding Sanitary Food Contnr Mfg	S	-46.5%	0.4	\$ 46,936	Not Available	Not Available
32616	Plastics Bottle Manufacturing	3,500	-2.6%	1.7	\$ 38,273	Not Available	Not Available
327213	Glass Container Manufacturing	600	-22.6%	0.5	\$ 55,081	Not Available	Not Available
332115	Crown and Closure Manufacturing	0	N/A	N/A	N/A	N/A	N/A
332431	Metal Can Manufacturing	1,300	-15.3%	1.0	\$ 71,068	Not Available	Not Available
31211	Soft Drink & Ice Manufacturing	4,100	-7.1%	1.0	\$ 49,608	Not Available	Not Available
31212	Breweries	1,500	-23.7%	1.0	\$ 78,436	Not Available	Not Available
31213	Wineries	900	77.2%	0.1	\$ 24,843	Not Available	Not Available
31214	Distilleries	0	N/A	N/A	N/A	N/A	N/A
	Processing Totals, Non-suppressed***	71,600	-4.6%	0.8	\$ 40,881	91.2%	83.8%

* Employment rounded to nearest 100; when very small, rounded to nearest 10. Numbers may not add due to rounding. "S" means employment was suppressed due to confidentiality.

** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

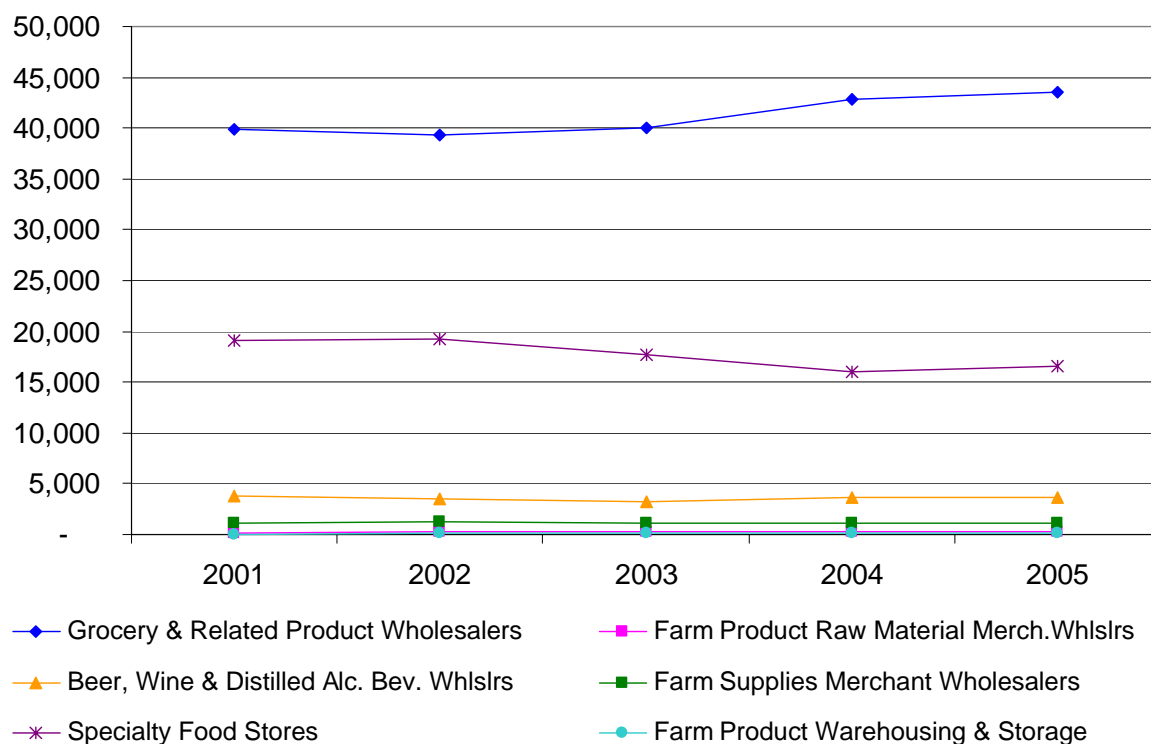
*** Calculations made using this total may not match those in this report, as the report's findings are based on all data, including confidential data.

Distribution

Distribution is the second largest component of the region's Food Chain cluster, with almost 65,400 jobs in 2005. From 2001 to 2005, Distribution experienced job growth of almost 1,200 jobs, up 1.9%. The largest industry within Distribution is Grocery & Related Product Wholesalers, with over 43,500 jobs in 2005, followed by Specialty Food Stores with 16,600 jobs. Four of the six industries within Distribution report job growth from 2001 to 2005; only Specialty Food Stores and Beer, Wine & Distilled Alcoholic Beverage Wholesalers reported job losses.

Figure 45 graphs the employment change for the Distribution industries from 2001 to 2005. More information on each industry's size and growth are provided in **Figure 46**.

Figure 45 Distribution Industries Employment 2001-2005



The Southern California Region has the same concentration of Distribution jobs as found at the statewide level. Within Distribution, only Grocery & Related Product Wholesalers (I.I LQ) had a slightly higher concentration. The concentration for each Distribution industry is provided in **Figure 46**.

Overall, Distribution reported an average annual wage of \$38,947 in 2005, which is lower than the region's average annual wage for all private industries of \$43,812. Within Distribution, Beer, Wine & Distilled Alcoholic Beverage Wholesalers reported the highest average wage, at \$61,072, while Specialty Food Stores reported the lowest, at \$24,472.

Figure 46 provides a summary of economic facts for the Food Chain Distribution industries. (Size-of-business data were not available for industries defined at the five or six-digit NAICS code level.)

Figure 46 Food Chain - Distribution

NAICS	Distribution	2005 Emplmt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 100 employees
4244	Grocery & Related Product Wholesalers	43,500	9.1%	1.1	\$ 42,507	95.3%	90.2%
4245	Farm Product Raw Material Whlsrs	300	31.1%	0.4	\$ 37,527	100.0%	100.0%
4248	Beer, Wine, Distilled Alcoholic Bevg. Whlsrs	3,700	-1.7%	0.6	\$ 61,072	90.7%	81.4%
42491	Farm Supplies Merchant Wholesalers	1,200	6.9%	0.4	\$ 42,072	Not Available	Not Available
4452	Specialty Food Stores	16,600	-13.4%	1.0	\$ 24,472	99.3%	96.3%
49313	Farm Product Warehousing & Storage	100	254.5%	0.4	\$ 40,275	Not Available	Not Available
	Distribution Totals	65,400	1.9%	1.0	\$ 38,947	96.8%	92.5%

* Employment rounded to nearest 100. Numbers may not add due to rounding.

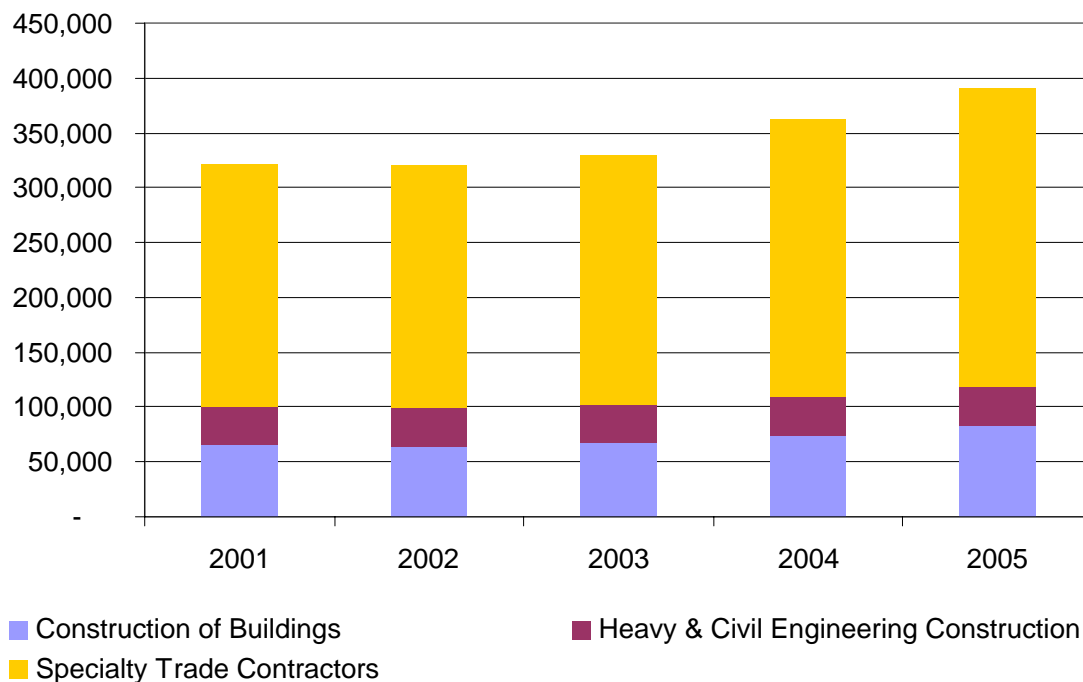
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

CONSTRUCTION

The Construction industry provides 5.5% of the jobs for the Southern California Region, with over 391,500 jobs in 2005. From 2001 to 2005, employment increased by 22%, up 70,700 jobs.

All three sub-sectors reported growth during this period. Specialty Trade Contractors reported the most growth, up over 52,900 jobs, or 24%. Construction of Buildings grew by over 15,800 jobs or 23.9%, and Heavy and Civil Engineering Construction reported job growth of almost 2,000 jobs, or 5.7%.

Figure 47 Construction Sub-sector Employment 2001-2005



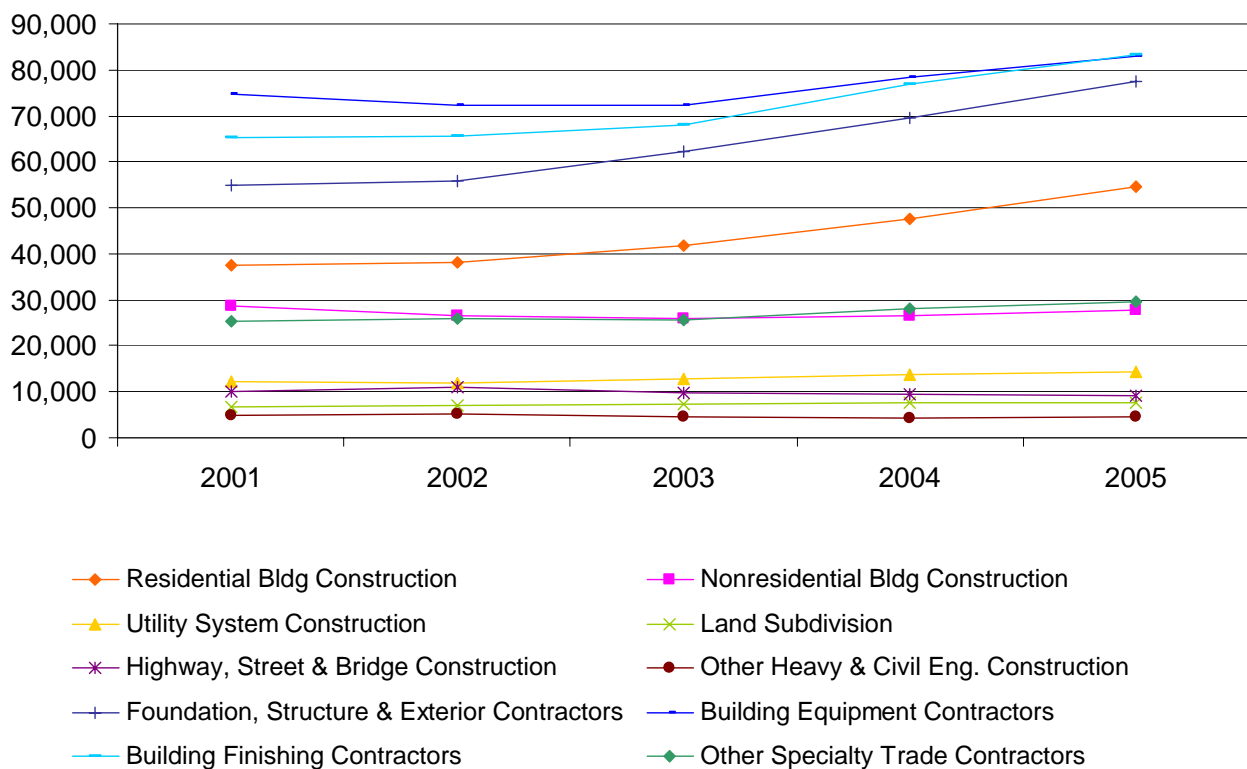
Within Construction of Buildings, the largest industry group is Residential Building Construction. Residential Building Construction reported job growth of 44.8% (up 16,900 jobs) from 2001-2005, while Nonresidential Building Construction reported job losses of 3.6% (down about 1,000 jobs). Looking closer, the growth in Residential Building Construction was led by New Single-Family Housing Construction.

Within Heavy & Civil Engineering Construction, the largest industry group is Utility System Construction (over 14,300 jobs in 2005), followed by Highway, Street & Bridge Construction (over 9,200 jobs). Utility System Construction added the most jobs, up over 2,100 jobs, or 17.4%, from 2001 to 2005. Highway, Street & Bridge Construction lost over 900 jobs during this period, down 9.3%.

Within Specialty Trade Contractors, the largest industries are Building Finishing Contractors and Building Equipment Contractors, with almost 83,200 jobs and 83,100 jobs in 2005, respectively. All four industries within the Specialty Trade Contractors sub-sector reported job growth from 2001 to 2005. Building Finishing Contractors added the most jobs, up over 17,700 jobs, and Foundation, Structure & Building Exterior Contractors reported the fastest growth (greatest percentage of jobs gained), up 40.9%.

Figure 48 shows employment growth for the Construction industries from 2001 to 2005.

Figure 48 Construction Industries Employment 2001-2005



The Southern California Region has a lower concentration of Construction jobs (0.9 LQ) than found statewide. Within Construction, the sub-sector with the highest concentration was Specialty Trade Contractors, at 1.0 LQ, just equal to the statewide concentration. Looking more closely at the industry group level (five-digit NAICS code level), and across all sub-sectors, the industry with the highest concentration was Masonry Contractors (1.3 LQ). The concentration for each Construction industry is provided in **Figure 49**.

Overall, Construction reported an average annual wage of \$44,514 in 2005, which is slightly higher than the region's average annual wage for all private industries of \$43,812. Within Construction, at the industry level (five-digit NAICS code level) the Land Subdivision industry reported the highest average wage, at \$92,245, while the Framing Contractors industry reported the lowest, at \$28,553.

Size of Business

From 2001 to 2005, the percentage of Construction industry businesses with fewer than 100 employees remained fairly constant, from 98.1% in 2001 to 97.9% in 2005. These businesses provided 66.2% of Construction employment in 2001, and 62.3% in 2005. In contrast, only 2.1% of the businesses in Construction employ 100 or more workers, and these businesses provide 37.7% of Construction jobs.

Figure 49 Distribution of Firms and Jobs in Construction by Size of Business in 2005

Size Category (# employees)	% of Firms	% of Employment
0-4	53.8%	6.1%
5-9	18.7%	8.8%
10-19	12.8%	12.3%
20-49	9.3%	19.9%
50-99	3.2%	15.1%
100-249	1.5%	16.4%
250-499	0.4%	9.7%
500+	0.2%	11.6%

Businesses with fewer than 50 employees provided 47.2% of all Construction jobs in 2005; in comparison, businesses with fewer than 50 employees provided 46.1% of all of the region's private industry jobs. Looking at the smallest firms, those with fewer than 10 employees provided 14.9% of all Construction jobs, compared to 14.7% of all private industry jobs.

Residential Building Construction reported the highest percentage of businesses with fewer than 100 employees, at 99.1%. Utility System Construction reported the lowest percentage, at 93.5%. The percentage of Construction firms with fewer than 100 employees and fewer than 50 employees, by industry, is included in **Figure 50**.

Figure 50 provides a summary of economic facts for the Construction industries.

Figure 50 Construction

NAICS	Industry	2005 Emplmt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
2361	Residential Bldg Constr.	54,500	44.8%	0.8	\$ 50,018	99.1%	97.7%
2362	Nonresidential Bldg Constr.	27,700	-3.6%	0.9	\$ 58,575	97.4%	92.3%
2371	Utility System Constr.	14,300	17.4%	0.9	\$ 59,711	93.5%	83.4%
2372	Land Subdivision	7,800	15.2%	1.0	\$ 92,245	98.4%	96.1%
2373	Highway, Street & Bridge Constr.	9,200	-9.3%	0.7	\$ 65,881	94.1%	83.1%
2379	Other Heavy & Civil Engineering Constr.	4,600	-5.2%	0.9	\$ 70,616	96.5%	86.0%
2381	Foundation, Struct., Bldg Exter. Contractors	77,400	40.9%	1.1	\$ 34,245	95.8%	91.1%
2382	Bldg Equipmt Contractors	83,100	11.2%	0.9	\$ 44,642	98.4%	95.7%
2383	Bldg Finishing Contractors	83,200	27.1%	1.0	\$ 34,370	97.5%	94.3%
2389	Other Specialty Trade Contractors	29,700	17.1%	0.9	\$ 45,646	98.8%	94.8%

* Employment rounded to nearest 100.

** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

MANUFACTURING VALUE CHAIN

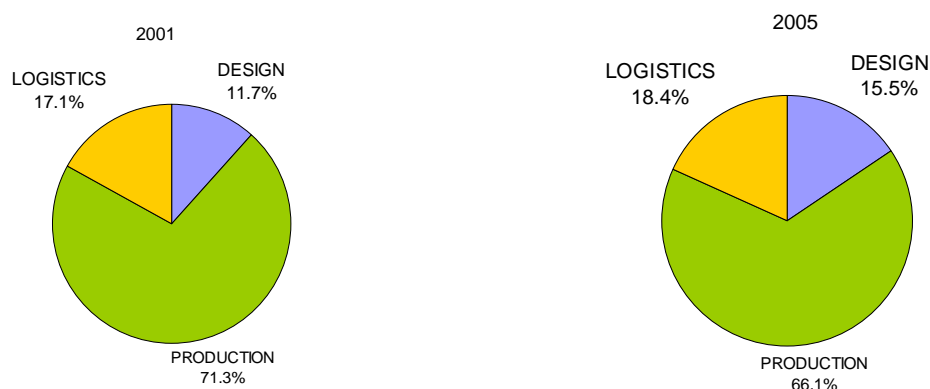
California's manufacturing industry has undergone a transformation. While traditional manufacturing (production) jobs have declined since the 1990's, job growth has occurred in the design and logistics (warehousing and delivery) phases of manufacturing. Improvements in production technology have increased production, as measured in gross domestic product, but have reduced the number of production jobs. At the same time, the "just in time" approach to supply and delivery is lowering warehousing costs and has increased the number and types of jobs in logistics.

The California Regional Economies Project calls this industry cluster the Manufacturing Value Chain. Manufacturing industries are important for innovation, high wages and exports. The design and logistics components of manufacturing are providing more middle and higher-level jobs that pay well and offer career development opportunities. By definition, the Manufacturing Value Chain includes some of the manufacturing industries discussed in the economic base analysis, under High Tech Manufacturing and Diversified Manufacturing, presented earlier in this report. This section of the report takes a look at a broader range of manufacturing activities in the region.

The Manufacturing Value Chain provides 15.5% of the Southern California Region's jobs, with over 1,110,800 jobs in 2005. From 2001 to 2005, this cluster experienced job losses of over 103,900 jobs, or 8.6%. Design reported growth, while Production and Logistics reported job losses during this period.

Within the Manufacturing Value Chain cluster, the percentage of jobs made up by each component has changed over time. In 2001, Design represented 11.7% of the jobs within the cluster; this grew to 15.5% by 2005. At the same time, Production went from 71.3% in 2001 down to 66.1% in 2005. Logistics' share of the jobs in the cluster changed somewhat from 17.1% in 2001 to 18.4% in 2005. **Figure 51** illustrates these changes.

Figure 51 Distribution of Jobs within the Manufacturing Value Chain



Overall, the Southern California Region's concentration of Manufacturing Value Chain cluster jobs is slightly higher (1.1 LQ) than that found statewide; however, the region has a higher concentration in a number of industries within the cluster, representing a competitive advantage in these areas. The highest of these include Footwear Manufacturing (2.1 LQ) and Textile & Fabric Finishing & Fabric Coating Mills (2.0 LQ). **Figures 55, 57 and 59** provide further data on concentrations of jobs by industry in each component of the value chain.

The Manufacturing Value Chain cluster's average annual wage for the region in 2005 was \$49,320, somewhat higher than the region's average for all private industry jobs, at \$43,812. Within the cluster, the component with the highest average annual wage is Design, with an average of \$60,764 in 2005. The average annual wage for Production was \$48,198 in 2005, and the average for Logistics was \$43,757 in 2005.

Size of Business

From 2001 to 2005, the percentage of Manufacturing Value Chain businesses with fewer than 100 employees remained fairly constant, increasing slightly from 95.5% in 2001 to 96.0% in 2005. These businesses provided 47.1% of Manufacturing Value Chain employment in 2001, and 48.1% in 2005. In contrast, only 4% of the businesses in Manufacturing Value Chain employ 100 or more workers, and these businesses provide 51.9% of Manufacturing Value Chain jobs.

Figure 52 Distribution of Firms and Jobs in Manufacturing Value Chain by Size of Business in 2005

Size Category (# employees)	% of Firms	% of Employment
0-4	49.7%	3.6%
5-9	17.1%	5.3%
10-19	13.5%	8.6%
20-49	11.3%	16.2%
50-99	4.5%	14.4%
100-249	2.8%	19.7%
250-499	0.7%	11.7%
500+	0.4%	20.4%

Businesses with fewer than 50 employees provided 33.7% of all Manufacturing Value Chain jobs in 2005; in comparison, businesses with fewer than 50 employees provided 42.1% of all of the region's private industry jobs. Looking at the smallest firms, those with fewer than 10 employees provided 8.9% of all Manufacturing Value Chain jobs, compared to 14.7% of all private industry jobs.

Design reported the highest percentage of businesses fewer than 100 employees, at 99%; Production reported the lowest percentage, at 93.6%. The percentage of Manufacturing Value Chain firms with fewer than 100 employees and fewer than 50 employees, by cluster component, is included in **Figure 53**.

Figure 53 provides a summary of facts for the Manufacturing Value Chain cluster components.

Figure 53 Manufacturing Value Chain

Component	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 employees	Firms with < 50 employees
Design	171,800	21.3%	1.0	\$ 60,764	99.0%	97.3%
Production	734,200	-15.2%	1.2	\$ 48,198	93.6%	86.8%
Logistics	204,800	-1.2%	1.2	\$ 43,757	95.7%	91.1%
Manufacturing Chain Totals	1,110,800	-8.6%	1.1	\$ 49,323	96.0%	91.6%

* Employment rounded to nearest 100. Some employment was suppressed due to confidentiality.

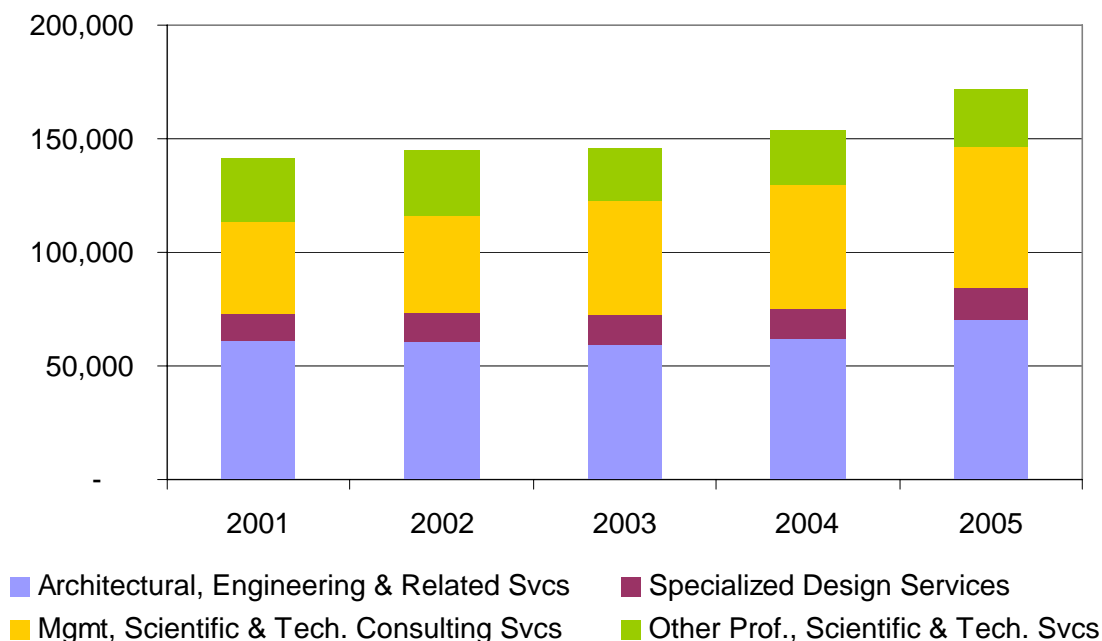
** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

Design

The Design component of the Manufacturing Value Chain provided 171,800 jobs for the region in 2005, and grew by almost 30,200 jobs, or 21.3%, from 2001 to 2005.

Within Design, Architectural, Engineering & Related Services is the largest industry group with over 70,100 jobs in 2005; this industry reported job growth of almost 9,000 jobs or 14.7% from 2001 to 2005. Management, Scientific & Technical Consulting Services is the second largest industry in Design, with over 61,800 jobs in 2005, and reported the greatest number and percentage of job growth during the period, up almost 21,600 jobs, or 11.3%.

Figure 54 Design Employment 2001-2005



The Southern California Region has a concentration of Design jobs equal to that found at the statewide level. Within Design, Specialized Design Services has a higher concentration (1.2 LQ). **Figure 55** shows the concentration for each Design industry group.

Overall, the average annual wage for the Design industries was \$60,764 in 2005; this was up from \$56,497 in 2001, an increase of 7.6%. Within Design, the highest average annual wage was reported by Architectural, Engineering & Related Services, at \$72,460 in 2005, and the lowest was reported by Other Professional, Scientific & Technical Services, at \$34,804.

Figure 55 provides a summary of economic facts for the Design industries.

Figure 55 Manufacturing Value Chain - Design

NAICS	Industry	2005 Employment*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
5413	Architect.,Engineering & Rel.Svcs	70,100	14.7%	0.9	\$ 72,460	98.4%	95.2%
5414	Specialized Design Svcs	14,300	16.4%	1.2	\$ 52,952	99.7%	98.8%
5416	Mgmt, Sci. & Tech.Consulting Svcs	61,800	53.5%	1.0	\$ 60,029	99.3%	98.1%
5419	Other Prof, Scientific & Tech Svcs	25,600	-8.5%	1.0	\$ 34,804	99.1%	97.7%
	Design Totals	171,800	21.3%	1.0	\$ 60,764	99.0%	97.3%

* Employment rounded to nearest 100. Numbers may not add due to rounding.

** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

*** Some was data suppressed due to confidentiality.

Production

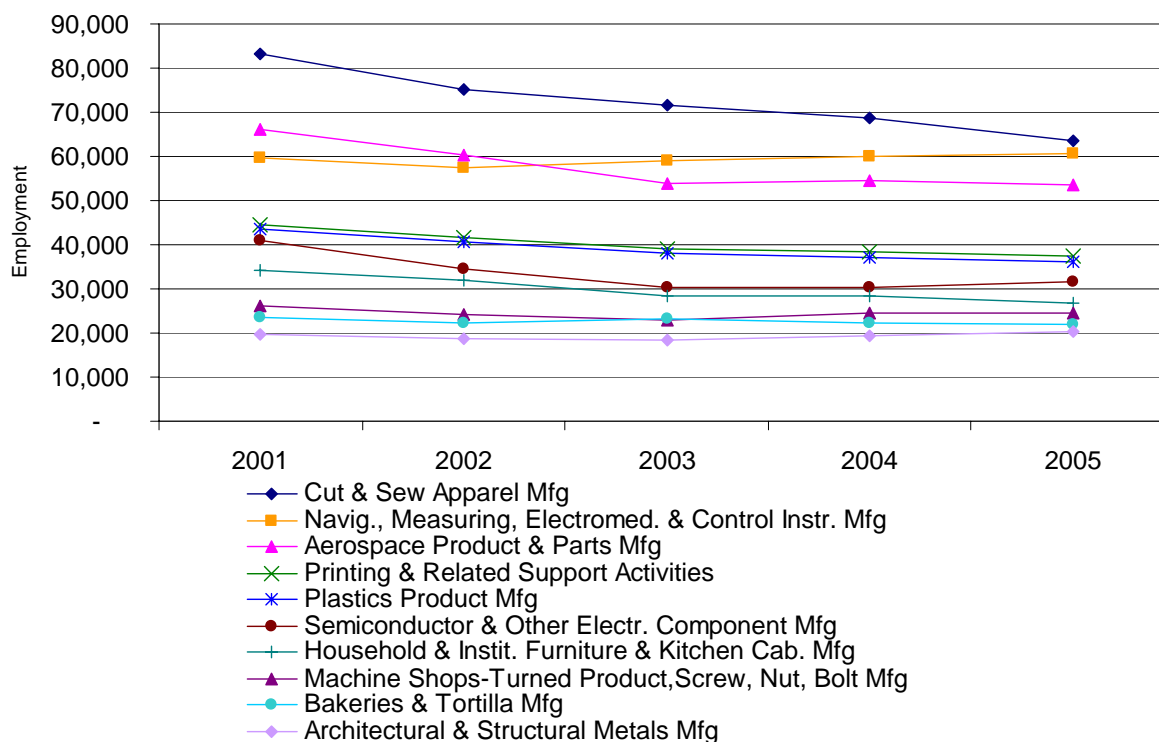
The Production component of the Manufacturing Value Chain provided almost 734,200 jobs in 2005, or 66.1% of the cluster's jobs in 2005 and 10.3% of all of the region's jobs. The sector experienced job losses from 2001 to 2005, declining by 131,600 jobs or 15.2%.

Within Production, the largest industry is Cut and Sew Apparel Manufacturing, with almost 63,500 jobs in 2005; however, this industry reported job losses of almost 19,700 jobs, or 23.7%, from 2001 to 2005. The second largest industry is Navigational, Measuring, Electromedical & Control Instruments Manufacturing, with 60,600 jobs in 2005; this industry reported job growth of over 800 jobs since 2001, up 1.4%. These were followed in employment size by Aerospace Product & Parts Manufacturing, with almost 53,500 jobs in 2005; and Printing & Related Support Activities, with over 37,300 jobs.

The fastest growing industry in Production, from 2001 to 2005, was Sawmills & Wood Preservation, up 130.5%; however, this is a small industry that only provides about 600 jobs, or 0.01% of the region's jobs. The second fastest growing industry was Pesticide, Fertilizer & Other Agricultural Chemical Manufacturing, up 29.9%, followed by Fiber, Yarn & Thread Mills; both of these are small industries, providing almost 600 jobs and over 500 jobs, respectively.

Figure 56 shows the employment change from 2001 to 2005 for the ten largest industry groups within Production, based on 2005 employment. Employment change for all Production industry groups is presented in **Figure 57**.

Figure 56 Production Top Ten Industries Employment 2001-2005



The Southern California Region has a higher concentration of Production jobs (1.2 LQ) overall than found at the statewide level. Many industries within Production have higher concentrations. The highest of these include Footwear Manufacturing (2.1 LQ), Textile & Fabric Finishing & Fabric Coating Mills (2.0 LQ), Cut & Sew Apparel Manufacturing (1.9 LQ), Household Appliance Manufacturing (1.9 LQ), Fabric Mills (1.8 LQ), and Fiber, Yarn & Thread Mills (1.8 LQ).

Overall, the average annual wage for the Production industries was \$48,198 in 2005, up from \$40,769 in 2001 (up 14.1%), and is higher than the region's average wage for all private industry jobs (\$43,812 in 2005). Within Production, the highest average annual wage was reported by Petroleum & Coal Products Manufacturing, at \$88,465 in 2005. The lowest average wage was reported by Fiber, Yarn & Thread Mills, at \$25,351, which is significantly lower than the regional average.

Figure 57 provides a summary of economic facts for the Production industries.

Figure 57 Manufacturing Value Chain - Production

NAICS	Industry	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
3111	Animal Food Mfg	1,700	-36.4%	1.0	\$ 73,799	100.0%	85.7%
3112	Grain & Oilseed Milling	1,600	16.5%	0.7	\$ 63,091	90.9%	81.8%
3113	Sugar & Confectionery Product Mfg	2,600	-12.1%	0.7	\$ 34,746	100.0%	93.5%
3114	Fruit & Veg Presrv. & Spec.Food Mfg	9,100	-0.6%	0.6	\$ 37,989	75.0%	57.8%
3115	Dairy Product Mfg	6,700	-5.9%	0.9	\$ 61,002	77.0%	66.7%
3116	Animal Slaughtering & Processing	6,700	-6.4%	0.7	\$ 33,440	89.5%	76.2%
3117	Seafood Product Prep & Packaging	1,500	-2.5%	1.3	\$ 28,608	91.9%	78.4%
3118	Bakeries & Tortilla Mfg	22,100	-5.8%	1.2	\$ 29,942	94.5%	90.7%
3119	Other Food Mfg	7,600	13.9%	0.7	\$ 41,810	93.9%	82.2%
3121	Beverage Mfg	6,600	-5.7%	0.4	\$ 52,908	88.3%	79.2%
3122	Tobacco Mfg	S	183.3%	2.1	\$ 18,283	100.0%	100.0%
3131	Fiber, Yarn & Thread Mills	500	25.6%	1.8	\$ 25,351	100.0%	100.0%
3132	Fabric Mills	2,900	-44.6%	1.8	\$ 28,376	96.8%	93.0%
3133	Textile, Fabric Finishing & Coating Mills	8,500	1.6%	2.0	\$ 27,126	91.5%	80.9%
3141	Textile Furnishings Mills	5,500	-30.5%	1.6	\$ 30,880	95.7%	90.4%
3149	Other Textile Product Mills	5,100	-11.4%	1.5	\$ 29,482	95.7%	91.1%
3151	Apparel Knitting Mills	3,700	-8.0%	1.7	\$ 31,250	100.0%	91.5%
3152	Cut & Sew Apparel Mfg	63,500	-23.7%	1.9	\$ 26,348	97.3%	93.1%
3159	Apparel Acces. & Other Apparel Mfg	3,100	-17.9%	1.7	\$ 36,564	95.2%	95.2%
3161	Leather & Hide Tanning & Finishing	100	-26.8%	1.1	\$ 33,059	100.0%	100.0%
3162	Footwear Mfg	1,200	-11.7%	2.1	\$ 25,676	92.7%	92.7%
3169	Other Leather & Allied Product Mfg	1,800	-42.1%	1.6	\$ 27,858	100.0%	93.3%
3211	Sawmills & Wood Preservation	600	130.5%	0.2	\$ 28,035	100.0%	100.0%
3212	Veneer, Plywood & Eng. Wood Prod. Mfg	3,000	2.8%	0.9	\$ 32,884	89.9%	75.4%
3219	Other Wood Product Mfg	12,500	-6.6%	1.1	\$ 34,649	94.5%	87.7%
3221	Pulp, Paper & Paperboard Mills	1,600	-27.3%	1.2	\$ 56,803	91.4%	71.4%
3222	Converted Paper Product Mfg	15,700	-12.8%	1.3	\$ 49,972	82.4%	68.1%
3231	Printing & Related Support Activities	37,300	-16.4%	1.3	\$ 42,404	97.3%	93.3%

3241	Petroleum & Coal Products Mfg	4,900	-14.2%	0.7	\$ 88,465	92.6%	86.9%
3251	Basic Chemical Mfg	2,300	-21.9%	0.9	\$ 62,414	100.0%	91.5%
3252	Resin, Synth. Rubber, Artificial Fibers Mfg	3,200	-11.1%	1.4	\$ 43,388	95.5%	86.6%
3253	Pesticide, Fertilizer & Other Ag.Chem.Mfg	800	29.9%	0.5	\$ 42,360	100.0%	100.0%
3255	Paint, Coating, & Adhesive Mfg	4,700	-9.8%	1.6	\$ 51,780	94.6%	84.5%
3256	Soap, Cleaning Compd, & Toilet Prep Mfg	9,100	-10.6%	1.6	\$ 47,871	91.6%	83.5%
3259	Other Chemical Product & Prep Mfg	5,500	9.6%	1.5	\$ 41,565	93.4%	86.8%
3261	Plastics Product Mfg	36,100	-17.1%	1.6	\$ 37,492	87.6%	74.8%
3262	Rubber Product Mfg	5,400	-10.6%	1.7	\$ 33,332	91.5%	83.0%
3271	Clay Product & Refractory Mfg	2,800	-16.1%	1.2	\$ 35,993	97.2%	88.8%
3272	Glass & Glass Product Mfg	4,500	-30.2%	1.0	\$ 37,600	92.5%	86.3%
3273	Cement & Concrete Product Mfg	10,100	5.2%	0.9	\$ 48,314	89.9%	75.2%
3274	Lime & Gypsum Product Mfg	900	-8.7%	1.0	\$ 52,030	100.0%	90.2%
3279	Other Nonmetallic Mineral Product Mfg	3,300	-14.2%	1.0	\$ 36,713	97.8%	90.6%
3311	Iron & Steel Mills & Ferroalloy Mfg	2,500	11.7%	1.7	\$ 56,461	95.9%	91.8%
3312	Steel Product Mfg from Purchased Steel	1,700	-24.5%	1.1	\$ 57,759	100.0%	87.0%
3313	Alumina & Aluminum Prodctn & Proc.	3,800	-7.6%	1.3	\$ 43,064	83.8%	71.6%
3314	Nonferrous Metal Production & Proc.	2,300	-11.8%	1.4	\$ 44,529	86.7%	73.3%
3315	Foundries	6,600	-18.7%	1.5	\$ 36,013	90.1%	78.5%
3321	Forging & Stamping	7,000	-11.3%	1.5	\$ 45,653	92.2%	82.9%
3322	Cutlery & Handtool Mfg	2,500	-23.5%	1.5	\$ 40,681	95.6%	89.0%
3323	Architectural & Structural Metals Mfg	20,200	3.2%	1.2	\$ 38,406	94.9%	85.5%
3324	Boiler, Tank, & Shipping Container Mfg	3,800	-7.4%	1.3	\$ 53,367	88.6%	76.2%
3325	Hardware Mfg	3,200	-32.0%	1.6	\$ 46,496	91.9%	82.3%
3326	Spring & Wire Product Mfg	2,600	-23.6%	1.5	\$ 35,083	100.0%	91.7%
3327	Machine Shops Mfg	24,700	-5.4%	1.3	\$ 44,067	97.9%	95.4%
3328	Coating, Engraving, Heat Treatng Activ.	13,500	-24.9%	1.6	\$ 34,267	98.2%	90.9%
3329	Other Fabricated Metal Product Mfg	14,200	-16.7%	1.7	\$ 48,585	90.8%	83.8%
3331	Ag, Construction, & Mining Machinery Mfg	2,100	-21.2%	0.9	\$ 56,160	100.0%	94.7%
3332	Industrial Machinery Mfg	4,500	-10.3%	0.6	\$ 53,164	96.9%	92.0%
3333	Commercial & Svc Ind. Machinery Mfg	7,000	-35.6%	1.0	\$ 61,172	93.8%	85.8%
3334	Ventil., Heatg, Air-Cond & Refrig. Mfg	3,900	-20.8%	1.4	\$ 43,682	93.6%	87.2%
3335	Metalworking Machinery Mfg	9,700	-13.2%	1.6	\$ 57,070	97.4%	94.5%
3336	Engine, Turbine & Transmissn Eqpmt Mfg	1,300	-29.6%	0.5	\$ 54,634	90.5%	90.5%
3339	Other General Purpose Machinery Mfg	11,700	-6.5%	1.3	\$ 53,942	94.9%	89.1%
3341	Computer & Peripheral Equipment Mfg	8,700	-25.5%	0.3	\$ 84,277	88.8%	82.7%
3342	Communications Equipment Mfg	7,700	-38.4%	0.6	\$ 69,531	89.6%	80.6%
3343	Audio & Video Equipment Mfg	3,900	-23.9%	1.0	\$ 57,722	95.6%	87.8%
3344	Semiconductor & Other Elec Comp Mfg	31,700	-22.5%	0.6	\$ 58,153	87.8%	78.0%
3345	Navigational, & Electr. Instruments Mfg	60,600	1.4%	1.2	\$ 86,968	86.0%	75.2%
3346	Mfg & Reprod. Magnetic, Optical Media	4,400	-26.7%	1.1	\$ 50,782	95.0%	91.4%
3351	Electric Lighting Equipment M Mfg	6,500	-25.1%	1.7	\$ 42,327	93.3%	82.8%
3352	Household Appliance Mfg	2,100	-9.0%	1.9	\$ 39,292	91.7%	77.8%
3353	Electrical Equipment Mfg	5,400	-22.0%	1.3	\$ 44,603	90.8%	83.4%

3359	Other Elec. Equipmt & Component Mfg	7,500	-27.2%	1.3	\$ 50,403	88.3%	80.0%
3361	Motor Vehicle Mfg	2,300	-11.8%	0.6	\$ 52,745	100.0%	75.0%
3362	Motor Vehicle Body & Trailer Mfg	8,500	17.6%	1.7	\$ 33,782	83.8%	70.1%
3363	Motor Vehicle Parts Mfg	14,800	-25.1%	1.6	\$ 37,484	92.4%	84.5%
3364	Aerospace Product & Parts Mfg	53,500	-19.3%	1.6	\$ 75,064	83.0%	72.0%
3371	Househld, Instit. Furn & Kit. Cabinet Mfg	26,800	-21.9%	1.4	\$ 31,365	95.1%	90.0%
3372	Office Furniture (including Fixtures) Mfg	8,800	-29.9%	1.5	\$ 36,026	95.6%	84.1%
3379	Other Furniture Related Product Mfg	5,400	3.4%	1.6	\$ 32,109	86.2%	76.1%
	Production Totals, Non-suppressed****	734,200	-15.2%	1.2	\$ 48,198	93.6%	86.8%

* Employment rounded to nearest 100. Numbers may not add due to rounding. "S" means employment was suppressed due to confidentiality.

** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

*** Some data was suppressed due to confidentiality.

**** Calculations made using this total may not match those in this report, as the report's findings are based on all data, including confidential data.

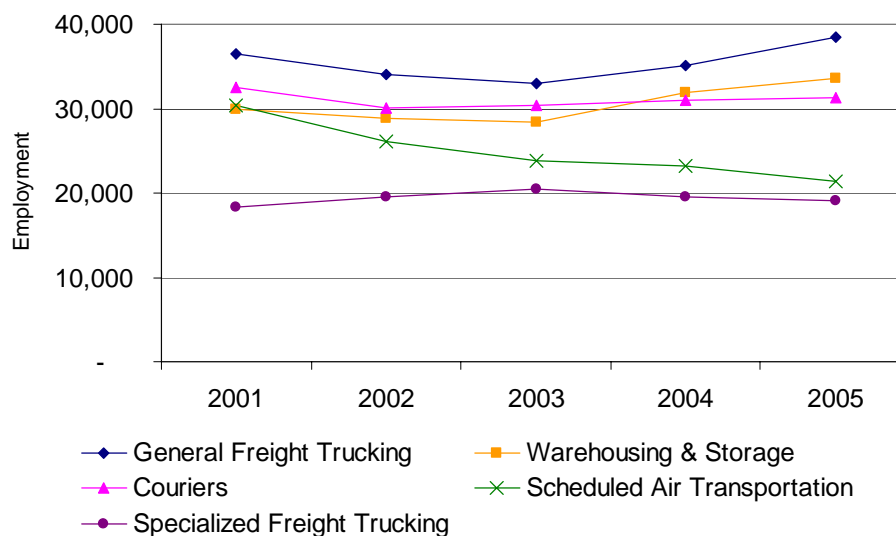
Logistics

The Logistics component of the Manufacturing Value Chain provided 18.4% of the cluster's jobs in 2005, at over 204,800 jobs. Logistics lost 2,500 jobs from 2001 to 2005, down 1.2%, led by losses in Scheduled Air Transportation.

Within Logistics, the largest industry is General Freight Trucking, providing almost 38,500 jobs in 2005. The industry grew by over 2,000 jobs from 2001, or 5.6%. The second largest industry is Warehousing & Storage, with almost 33,600 jobs in 2005, which represents a gain of almost 3,600 jobs from 2001, up 12%.

Figure 58 shows the employment change for the five largest industries within Logistics, from 2001 to 2005.

Figure 58 Logistics Top Five Industries Employment 2001-2005



The Southern California Region has a higher concentration of Logistics jobs overall (1.2 LQ) than found at the statewide level. Those industries within Logistics with the highest concentrations are Support Activities for Water Transportation (1.7 LQ), Pipeline Transportation of Crude Oil (1.6 LQ), and Local Messengers & Local Delivery (1.5 LQ).

Overall, the average annual wage for the Logistics industries was \$43,745 in 2005; this was up from \$39,222 in 2001, an increase of 14.1%. Pipeline Transportation of Crude Oil reported the highest average wage, at \$100,389, while Local Messengers & Local Delivery reported the lowest, at \$22,576.

Figure 59 provides a summary of economic facts for the Logistics industries.

Figure 59 Manufacturing Value Chain - Logistics

NAICS	Industry	2005 Empl ^{mt} *	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 empl***	Firms with < 50 empl***
4811	Scheduled Air Transportation	21,400	-29.6%	1.0	\$ 50,219	81.3%	72.4%
4812	Nonscheduled Air Transportation	2,100	12.5%	1.1	\$ 57,598	96.5%	90.4%
4821	Rail Transportation	S	S	1.1	\$ 35,029	100.0%	100.0%
4831	Deep Sea, Coastal Water Transp.	1,500	8.7%	1.0	\$ 49,256	94.3%	86.8%
4832	Inland Water Transportation	300	17.5%	1.3	\$ 36,353	100.0%	100.0%
4841	General Freight Trucking	38,500	5.6%	1.2	\$ 39,814	96.3%	92.0%
4842	Specialized Freight Trucking	19,000	4.0%	0.9	\$ 40,015	98.2%	95.3%
4861	Pipeline Transportation of Crude Oil	200	0.4%	1.6	\$ 100,389	S	S
4862	Pipeline Transp. of Natural Gas	300	15.2%	0.6	\$ 93,359	100.0%	100.0%
4869	Other Pipeline Transportation	400	71.6%	1.1	\$ 86,877	100.0%	100.0%
4881	Support Activities for Air Transp.	8,600	3.1%	1.1	\$ 33,675	94.5%	88.2%
4882	Support Activities for Rail Transp.	400	11.1%	1.1	\$ 31,744	100.0%	100.0%
4883	Support Activities for Water Transp.	13,800	6.9%	1.7	\$ 82,970	91.4%	84.3%
4884	Support Activities for Road Transp.	6,900	-5.0%	1.1	\$ 31,902	99.3%	97.6%
4885	Freight Transportation Arrangement	17,600	-1.6%	1.5	\$ 48,247	98.6%	94.4%
4889	Other Support Activities for Transp.	2,500	71.9%	1.4	\$ 30,232	93.6%	89.7%
4911	Postal Service	300	23.6%	1.1	\$ 58,555	100.0%	100.0%
4921	Couriers	31,300	-3.4%	1.1	\$ 38,531	86.3%	79.1%
4922	Local Messengers & Local Delivery	6,200	-13.8%	1.5	\$ 22,576	98.4%	93.0%
4931	Warehousing & Storage	33,600	12.0%	1.1	\$ 40,170	90.4%	82.5%
	Logistics Totals, Non-suppressed****	204,800	-1.2%	1.2	\$ 43,745	95.7%	91.1%

* Employment rounded to nearest 100. Numbers may not add due to rounding. "S" means employment was suppressed due to confidentiality.

** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

*** Some data was suppressed due to confidentiality. "S" means suppressed due to confidentiality.

**** Calculations made using this total may not match those in this report, as the report's findings are based on all data, including confidential data.

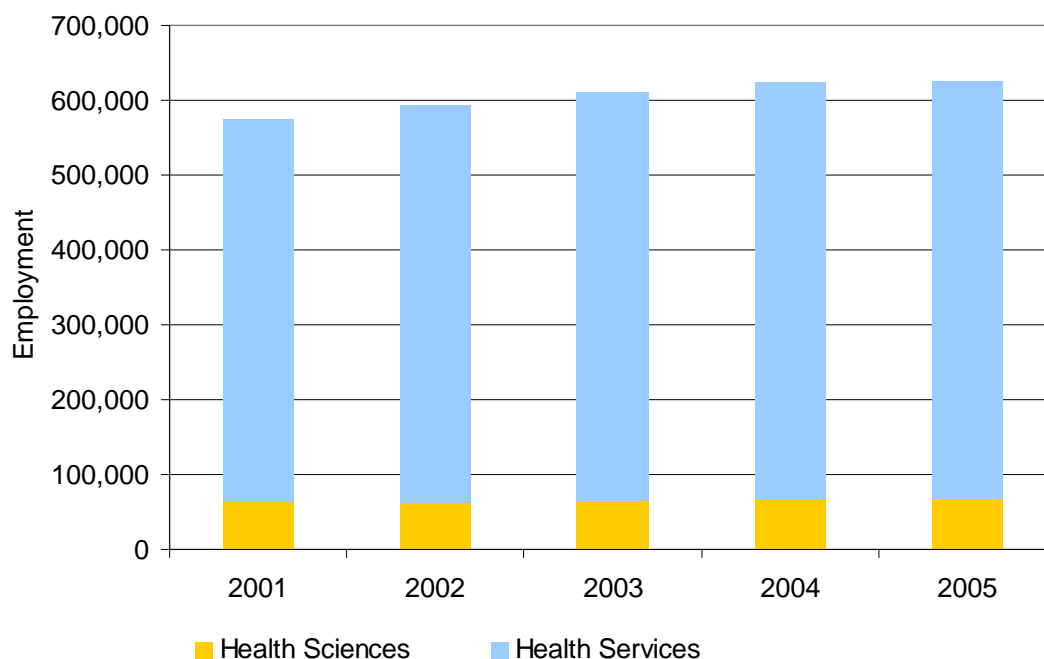
HEALTH SCIENCES & SERVICES

The Health Sciences and Services cluster integrates two critical components of the health industry: Health sciences include activities focused on the development of a body of knowledge through scientific research in medicine, pharmacology, biology, drug discovery, genomics, and many other areas. Health services focus on the delivery of health care to patients; employment in this sector is comprised of medical and support staff in many settings, including hospitals, clinics, care facilities, at home, and on-line.

The Health Sciences & Services cluster includes health care services, such as offices of physicians, dentists, other health practitioners and other outpatient care facilities; hospitals; laboratories; home health care; nursing care and other residential care facilities. It also includes community, emergency and other relief services; vocational rehabilitation services; and, death care services. Within health sciences, the cluster includes pharmaceutical and medicine manufacturing; medical equipment and supplies manufacturing; and, scientific research and development (R&D) services.

In 2005, the Health Sciences & Services cluster provided over 626,200 jobs, or 8.8% of all jobs in the region, and experienced overall growth of almost 52,200 jobs, or 9.1%, from 2001 to 2005. The Health Sciences component of this cluster reported 67,500 jobs in 2005, and the Health Services component reported over 558,700 jobs.

Figure 60 Health Sciences & Services Employment 2001-2005



Size of Business

From 2001 to 2005, the percentage of Health Sciences & Services businesses with fewer than 100 employees remained constant at 97.5% in 2001 and 97.6% in 2005. These businesses provided 44.9% of Health Sciences & Services employment in 2001, and 45.3% in 2005. In contrast, only 2.4% of the businesses in Health Sciences & Services employ 100 or more workers, and these businesses provide 54.7% of Health Sciences & Services jobs.

Figure 61 Distribution of Firms and Jobs in Health Sciences & Services by Size of Business in 2005

Size Category (# employees)	% of Firms	% of Employment*
0-4	56.6%	6.4%
5-9	22.1%	8.8%
10-19	10.5%	8.5%
20-49	6.1%	11.2%
50-99	2.4%	10.4%
100-249	1.6%	14.6%
250-499	0.4%	8.1%
500+	0.4%	32.0%

* Percentages may not add to 100% due to rounding.

Businesses with fewer than 50 employees provided 34.9% of all Health Sciences & Services jobs in 2005; in comparison, businesses with fewer than 50 employees provided 42.1% of all of the region's private industry jobs. Looking at the smallest firms, those with fewer than 10 employees provided 15.2% of all Health Sciences & Services jobs, compared to 14.7% of all private industry jobs.

Health Sciences reported 94.4% of its firms as having fewer than 100 employees in 2005, while Health Services reported 97.8%. The percentage of Health Sciences & Services firms with fewer than 100 employees and fewer than 50 employees, by cluster component, is included in **Figure 62**.

Figure 62 provides a summary of facts for the Health Sciences & Services cluster components.

Figure 62 Health Sciences & Services

Component	2005 Empl*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 Empl***	Firms with < 50 Empl***
Health Sciences	67,500	6.2%	0.8	\$ 77,545	94.4%	89.9%
Health Services	558,700	9.4%	1.0	\$ 44,670	97.8%	95.5%
Health Sciences & Svcs Totals	626,200	9.1%	1.0	\$ 48,214	97.6%	95.2%

* Employment rounded to nearest 100. Total employment may not equal sum of components due to rounding.

** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

*** Some employment by size of firm may have been suppressed due to confidentiality.

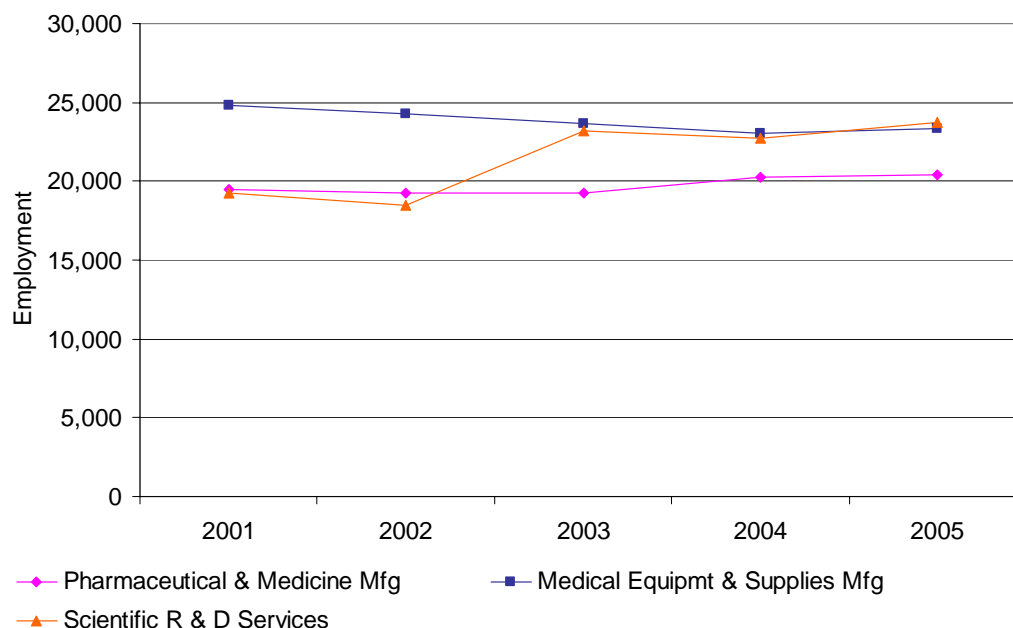
Health Sciences

Health Sciences is the smaller of the two components in the region's Health Sciences & Services cluster, reporting 67,500 jobs in 2005. Health Sciences experienced job growth of 6.2%, an increase of almost 4,000 jobs from 2001 to 2005.

The largest industry group within Health Sciences is Scientific Research & Development Services, with over 23,700 jobs in 2005, followed closely by Medical Equipment & Supplies Manufacturing with almost 23,400 jobs. Two of the three sub-sectors within Health Sciences gained employment during this period; Scientific Research & Development Services gained almost 4,500 jobs from 2001 to 2005 (up 23.2%), and Pharmaceutical & Medicine Manufacturing gained 900 jobs (up 4.6%). Medical Equipment & Supplies Manufacturing reported the loss of 1,400 jobs during this period, down 5.7%. These losses occurred from 2001 to 2004, with a slight increase from 2004 to 2005.

Figure 63 shows employment change for the Health Sciences industry groups from 2001 to 2005.

Figure 63 Health Sciences Industries Employment 2001-2005



The region has a lower concentration of Health Sciences jobs (0.8 LQ) than found at the statewide level. Two of the three industry groups within Health Sciences report concentrations equal to the statewide level; Pharmaceutical & Medicine Manufacturing and Medical Equipment & Supplies Manufacturing.

The average annual wage for Health Sciences was \$77,545 in 2005, which represents an increase of 19.7% since 2001. The Health Sciences average annual wage is much higher than the regional average for all private industry of \$43,812.

Figure 64 provides a summary of economic facts for the Health Sciences industries.

Figure 64 Health Sciences & Services Cluster - Health Sciences

NAICS	Industry	2005 Employmt*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 Empl***	Firms with < 50 Empl***
3254	Pharmaceutical & Medicine Mfg	20,400	4.6%	1.0	\$100,451	82.4%	70.5%
3391	Medical Equipment & Supplies Mfg	23,400	-5.7%	1.0	\$ 51,211	95.0%	91.6%
5417	Scientific R & D Svcs	23,700	23.2%	0.5	\$ 83,803	96.6%	92.5%
	Health Sciences Totals	67500	6.2%	0.8	\$ 77,545	94.4%	89.9%

* Employment rounded to nearest 100.

** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

*** Some employment by size of firm was suppressed due to confidentiality.

Health Services

Health Services is the largest component of the Health Sciences & Services cluster. Health Services reported over 558,700 jobs in 2005, an increase of over 48,200 jobs or 9.4% since 2001.

Within the cluster, the General Medical & Surgical Hospitals industry provides the most jobs, with over 160,300 jobs in 2005. This industry experienced an increase of about 6,900 jobs, or 4.5%, from 2001 to 2005. Second largest, Offices of Physicians reported almost 115,200 jobs in 2005, and experienced job growth of almost 12,300 jobs, up 11.9% during the period. This was the largest number of jobs gained by a Health Services industry group during this period. The fastest growth was reported by Home Health Care Services, up over 55%.

Figure 65 shows the employment change from 2001 to 2005 for the five largest Health Services industries. **Figure 66** shows employment change for the remaining industries. Two charts were used in an effort to make the charts easier to read.

Figure 65 Health Services Top Five Industries Employment 2001-2005

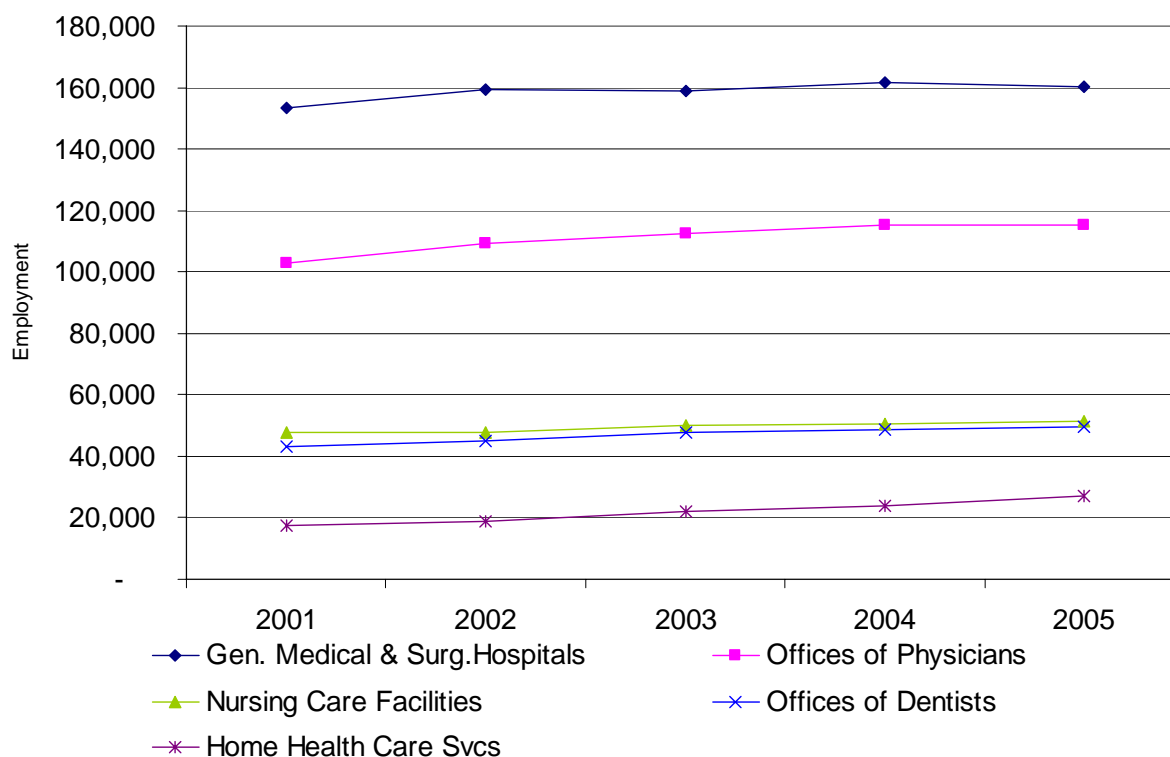
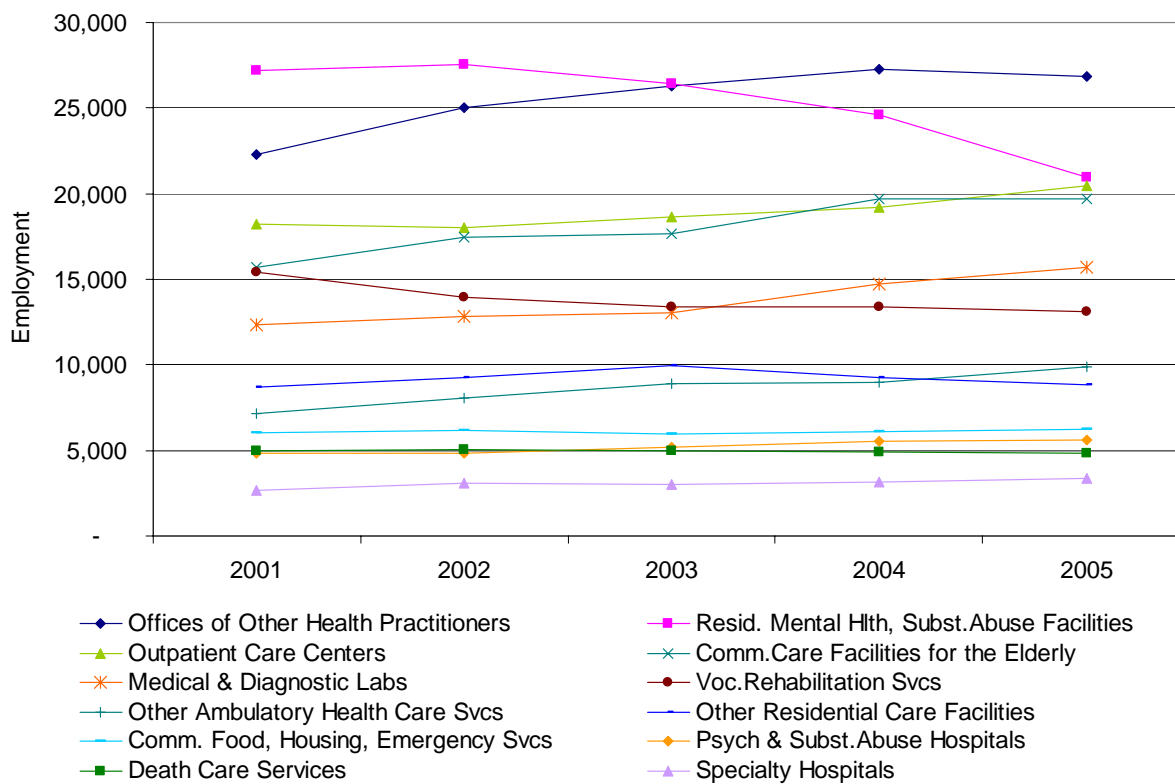


Figure 66 Health Services Remaining Industries Employment 2001-2005



The region has an equal concentration of Health Services jobs, compared to the statewide level. Some industries within Health Services have a higher concentration. The highest of these are Psychiatric & Substance Abuse Hospitals (1.7 LQ) and Medical & Diagnostic Laboratories (1.4 LQ).

The average annual wage for Health Services was \$44,670 in 2005, up \$7,176 or 19.1% since 2001. Within Health Services, the Offices of Physicians industry reported the highest average wage of \$63,870, while the Community Care Facilities for the Elderly industry reported the lowest average wage of \$21,939.

Figure 67 provides a summary of economic facts for the Health Services industries.

Figure 67 Health Sciences & Services Cluster - Health Services

NAICS	Industry	2005 Employment*	Growth 01-05	2005 LQ**	2005 Avg. Annual Wages	Firms with < 100 Empl***	Firms with < 50 Empl***
6211	Offices of Physicians	115,200	11.9%	1.1	\$ 63,870	99.3%	98.3%
6212	Offices of Dentists	49,400	14.2%	1.0	\$ 37,895	100.0%	100.0%
6213	Offices of Other Health Practitioners	26,900	20.6%	1.0	\$ 32,770	99.8%	99.1%
6214	Outpatient Care Centers	20,500	12.3%	0.9	\$ 44,384	96.4%	90.5%
6215	Medical & Diagnostic Labs	15,700	27.0%	1.4	\$ 49,559	97.4%	93.6%
6216	Home Health Care Services	26,900	55.1%	1.2	\$ 30,063	93.8%	84.5%
6219	Other Ambulatory Health Care Svcs	9,900	37.9%	1.0	\$ 38,348	97.8%	80.0%
6221	Gen. Medical & Surgical Hospitals	160,300	4.5%	1.0	\$ 52,483	41.9%	33.7%
6222	Psych. & Subst. Abuse Hospitals	5,600	16.0%	1.7	\$ 36,536	82.3%	72.2%
6223	Specialty Hospitals	3,400	26.7%	0.8	\$ 45,207	76.4%	76.4%
6231	Nursing Care Facilities	51,300	6.9%	1.1	\$ 26,291	60.6%	28.6%
6232	Residential Mental Health & Substance Abuse Facilities	20,900	-22.9%	1.0	\$ 24,224	95.7%	89.9%
6233	Community Care Facilities for Elderly	19,700	25.4%	0.8	\$ 21,939	97.5%	90.0%
6239	Other Residential Care Facilities	8,800	1.8%	1.0	\$ 26,656	93.9%	89.1%
6242	Community Food, Housing, Emergency & Other Relief Svcs	6,300	3.7%	0.9	\$ 28,917	98.5%	92.8%
6243	Vocational Rehabilitation Services	13,100	-14.8%	0.8	\$ 23,157	94.5%	88.6%
8122	Death Care Services	4,800	-3.5%	1.0	\$ 39,953	100.0%	97.2%
	Health Services Totals	558,700	9.4%	1.0	\$ 44,670	97.8%	95.5%

* Employment rounded to nearest 100. Numbers may not add due to rounding.

** LQ (Location Quotient) represents the concentration – the percentage of the region's jobs found in an industry compared to percentage of statewide jobs found in that industry.

*** Some data was suppressed due to confidentiality.

ALL GOVERNMENT

All Government includes federal, state and local government jobs. Jobs in public education are reported in the state and local government sectors. Government jobs also include defense (reported at the federal level), law enforcement, firefighting and public services.

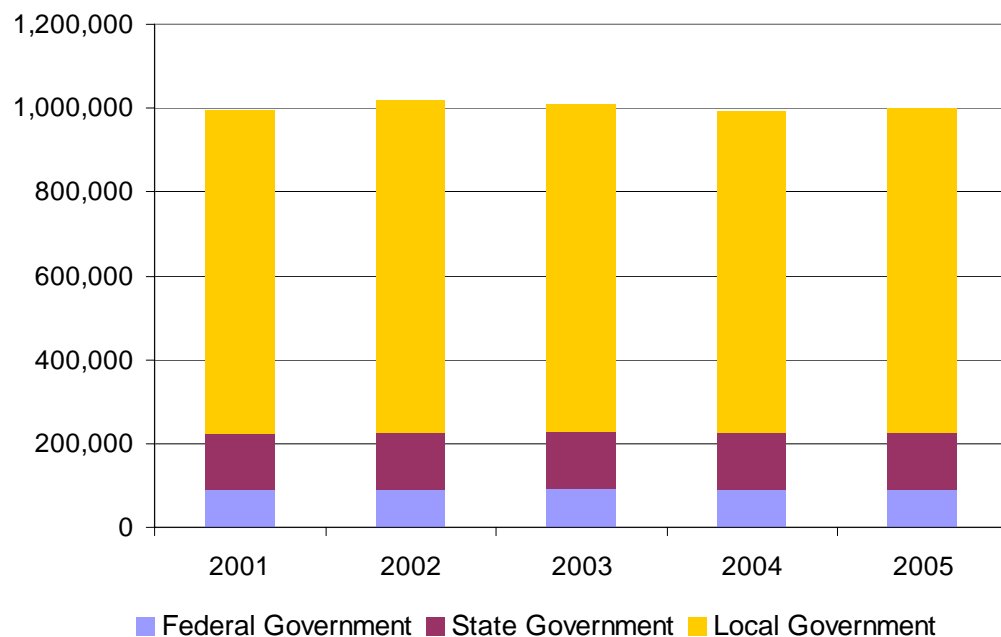
All Government continues to provide the greatest number of jobs for the Southern California Region, with 1,001,600 jobs for the region in 2005, or 14% of all jobs. From 2001 to 2005, All Government reported job growth of 7,000 jobs, or 0.7%.

Local Government is by far the largest public sector, with 776,100 jobs in 2005. State Government, reported 134,200 jobs and Federal Government reported 91,100 jobs.

During this period, Local Government (including education) added 5,400 jobs from 2001 to 2005, up 0.7%; this was led by Other Local Government (non-education). State Government (including education) also reported job growth, up 1,600 jobs, or 1.2%, which was led by State Government Education. During this same time, Federal Government reported the loss of 200 jobs, down 0.2%.

Figure 68 shows employment change for the federal, state and local public sectors.

Figure 68 All Government Employment 2001-2005



All Government average annual wages include the wages for a broad spectrum of jobs, including elected officials and executive branch, judicial, defense, law enforcement, firefighting, education and other public administration jobs. The sector's average annual wage for the region in 2005 was \$48,870. Within All Government, the average annual wage for Federal Government was

\$59,720; the average for State Government was \$47,149; and, the average annual wage for Local Government was \$47,845.

The region has a much higher concentration of All Government jobs (1.6 LQ) compared to the statewide level. This reflects having the California State Capitol in the region.

Figure 69 shows employment for each level of government from 2001-2005.

Figure 69 All Government

	2001	2002	2003	2004	2005
All Government	994,600	1,019,300	1,009,800	994,500	1,001,600
Federal Government	91,300	90,700	92,500	91,000	91,100
Department of Defense	16,100	15,700	15,300	15,200	15,300
Other Federal Government	75,200	75,000	77,100	75,900	75,900
State Government	132,600	135,700	136,400	133,800	134,200
State Government Education	72,400	74,600	75,500	74,000	74,100
Other State Government	60,200	61,100	61,000	59,800	60,300
Local Government	770,700	792,700	781,000	768,800	776,100
Local Government Education	449,100	463,000	450,000	440,000	438,800
Other Local Government	321,400	330,000	331,000	328,600	337,300

Source: California Employment Development Department

Some government employment may be suppressed due to confidentiality requirements.

CONCLUSION

The Southern California Region experienced overall job growth of almost 5% from 2001 to 2005, outpacing California as a whole and ranking fifth among the nine regions. During this period, employment fell slightly from 2001 to 2002, and then grew steadily through 2005. The region was not impacted by the recent recession like it was during and after the recession of the early 1990's.

Despite overall growth, from 2001 to 2005 the region's economic base experienced overall job losses of 2.5%. Within the economic base, only Tourism & Entertainment and Wholesale Trade & Transportation reported growth. Still, the region's economic base is one of its strengths and assets for future prosperity due to its size and diversity. These strengths include Professional, Business & Information Services; Wholesale Trade & Transportation; Tourism & Entertainment; and, Manufacturing.

Economists predict that the region will continue to grow faster than the nation through 2015, although slower than the state as a whole. This growth will be led by Educational & Health Services, Professional & Business Services, Leisure & Hospitality and Retail Trade. Strong growth is also projected in Government for several of the region's counties, likely led by growth in Local Education⁸.

Projections suggest a continued decline in Manufacturing through 2014, but it still remains an important regional strength⁹. Los Angeles County is considered the leading manufacturing center in the nation, and other counties in the region also rank very high nationally¹⁰. While Manufacturing jobs have continued to decline, this decline slowed from 2003 to 2004 and from 2004 to 2005, and preliminary data for 2006 suggests another year of modest decline.

Challenges for the region include addressing several key issues in ways that will support the continued growth, diversity and competitiveness of the region's economy. These issues include land use and affordable housing; preparing a well-educated, well-trained workforce to replace the aging workforce; and, providing access to education and workforce training for children of immigrants, as they become a larger share of the region's labor force.

It will be important for policy-makers to respond to these challenges in ways that nurture entrepreneurship and innovation, allow businesses to be globally competitive, and allow the workforce to compete for good wages and career advancement opportunities as they strive for a better quality of life.

⁸ Sources include *California Economic Growth – 2006 Edition*, by the Center for Continuing Study of the California Economy, and county employment projections prepared by LMID.

⁹ Sources include the Center for Continuing Study of the California Economy, the Los Angeles Economic Development Corporation, and the employment projections prepared by LMID.

¹⁰ Source: Los Angeles Economic Development Corporation, *Manufacturing in Southern California* (2007).

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